



# SUPALAI

## ANNUAL REPORT

รายงานประจำปี 2561 บริษัท ศุภาลัย จำกัด (มหาชน)

**SUSTAINABLE  
GROWTH**



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## Vision

Leader in sustainable real estate development with contribution to social and environmental improvement

## Mission

To create and develop innovative products and services to bring the most value in the interests of our stakeholders

## Organization's Values

- Innovations
- Agility and Flexibility
- Win-Win
- Factual Key Performance Index
- Legal and Corporate Governance
- Sufficiency Economy
- Responsibilities to Stakeholders, Society and Environment

## Management Philosophy

For quality society of “Supalai Residents”, the Company is committed to developing quality residences, and continuing to innovate its products and services, while improving resident safety and comfortability, and striving to deliver professional and premium service in order to maximize customer satisfaction by adhering to the principles of management philosophy as follows:

- |                          |  |
|--------------------------|--|
| <b>S (Superiority)</b>   | : Excellence in terms of products, services, and good management   |
| <b>P (Profitability)</b> | : Consider the benefits for all parties involved such as customers, shareholders, employees, contractors, partners and society |
| <b>L (Longevity)</b>     | : Operation of sustainable and stable business   |



## Organizational Culture

<b>S (Support/Sponsor)</b>	: Cooperate and assist one another in a way that the senior employees teach younger ones
<b>P (Planning)</b>	: Establish a plan and a clear target
<b>A (Attitude)</b>	: Have a positive attitude and sacrifice personal interests for the common good or benefit of others, and not being selfish
<b>L (Legal and Regulation)</b>	: Comply with applicable laws, rules and regulations as well as requirements for each operational stage of the Company's ISO systems
<b>I (Integrity)</b>	: Be honest and adhere to moral standards. Never take advantage of customers and colleagues

## Good Corporate Governance Motto

<b>G (Good)</b>	: To think good, speak good and do good is the foundation of positive thinking, which can be applied to work and to solve problems. This also helps reduce conflicts while enhancing smooth and successful interpersonal communication
<b>R (Responsibility)</b>	: Act consciously : Operate business with determination and dedication with all our ability : Always learn to enhance capabilities
<b>E (Equitable Treatment &amp; Ethics)</b>	: Treat all relevant parties equally : Adhere to moral standards and conduct business with fairness : Give priority to all stakeholders : Treat stakeholders equally regardless of gender, age, race, nationality, religion, belief, and political opinion
<b>A (Accountability)</b>	: Fulfill duties with utmost attention : Be consciously aware of and carry out our tasks cautiously : Bravely accept the consequences of our actions : Adhere to and abide by applicable laws, rules and regulations
<b>T (Transparency)</b>	: Operate business with transparency, disclosure of information and accountability : Be determined to conduct business with honest intention : All pieces of evidence and references can be traceable and accountable



# General Information And Announcement



## Supalai Public Company Limited

1011 Supalai Grand Tower Building, Rama III Road, Chongnonsee, Yannawa, Bangkok 10120

<b>Registration Number</b>	0107535000303
<b>Telephone</b>	0-2725-8888
<b>Fax</b>	0-2683-2177
<b>Homepage</b>	Website : <a href="http://www.supalai.com">www.supalai.com</a> E-mail : <a href="mailto:ir_spali@supalai.com">ir_spali@supalai.com</a>
<b>Registered Capital</b>	2,145,691,561 Baht
<b>Paid-up Capital</b>	2,143,079,330 Baht
<b>Company Secretary</b>	Mrs.Varunee Lapitananuvat
<b>Telephone</b>	0-2683-2228
<b>Fax</b>	0-2683-2177
<b>E-mail</b>	<a href="mailto:varunee.lap@supalai.com">varunee.lap@supalai.com</a>

## The Annual General Shareholders' Meeting of year 2019

April 23, 2019 at 2.00 p.m.  
at Supalai Grand Tower Building at Meeting Room,  
33<sup>rd</sup> Floor, 1011 Rama III Road,  
Chongnonsee Subdistrict, Yannawa District,  
Bangkok 10120.

<b>Dividend Payment</b>	: 1.00 Baht per share
<b>Interim Dividend</b>	: 0.40 Baht per share
<b>The Dividend for the Second-half-year Operations</b>	: 0.60 Baht per share
<b>Dividend Payment Date</b>	: 08 May 2019



# Message from the Chairman of the Board



**(Dr. Prateep Tangmatitham)**  
Chairman of the Board of Directors  
Supalai Public Company Limited

## Dear Shareholders

In the past year, the Company and its subsidiaries achieved a record high in sales of 33,343 million baht, an increase of 8% from 2017. The sales figures, which have exceeded the target of 33,000 million baht, were contributed by 52% of condominium projects and 48% of housing projects. The Company and its subsidiaries have launched a total of 25 new projects, divided into 22 low-rise projects and 3 condominium projects. For 2018, the total revenues has grown in the same direction as sales with a total of 25,810 million baht and a net profit of 5,770 million baht. Interest-Bearing Debt-to-Equity ratio was approximately at 39%, while the average cost of fund was at 2.49% per year. Assets grew by 4%, and shareholder equity grew by 22%. Furthermore, the Company still maintains the credit rating of “A/Stable” from TRIS Rating.



At present, the company group has about 140 projects under development, covering Bangkok area and its suburbs, and new provinces such as Chiang Rai and Phitsanulok. The group has further developed additional projects to the existing provinces such as Chiang Mai, Chonburi, Phuket, Rayong, Khon Kaen, Ubon Ratchathani, Udon thani, Nakhon Si Thammarat, Surat Thani, Nakhon Ratchasima, and Songkhla, with a total value of more than 299,453 million baht and a backlog of approximately 42,529 million baht. In addition, the Company has issued warrants of Supalai Public Company Limited No. 4 (SPALI-W4) totaling 429,135,954 units, which were then converted to 426,526,081 ordinary shares to maintain a strong capital base and prepare for both domestic and international project expansion to achieve a consistent and sustainable growth that will ultimately increase the Company's profit.

In 2019, the Company has planned to launch 34 new projects of all products covering various locations across the country with a focus on 5 core strategies as follows: 1) Create new products and new designs on new locations in demand, 2) Develop smart homes and bring technologies to provide convenience and safety to customers, 3) Add new segments and build high-end luxury homes, 4) Improve internal operating and data analysis processes to better reach the actual needs of customers, and 5) Focus on business with responsibility to society and environment such as the preparation to develop senior housing projects to be align with the Company's mission that is "to create and drive innovation for good business performance and sustainable growth."

For this year, the Company has received numerous honorary awards from various leading organizations such as the "Thailand Sustainability Investment (THSI)" award and the "Sustainability Report" award from the Stock

Exchange of Thailand, the "Certificate of ESG100 Company" awards from the ESG Rating unit of Thaipat Institute, the "Drive Awards 2018" from the MBA Chula Alumni Association - Faculty of Commerce and Accountancy, Chulalongkorn University, the "Outstanding Energy-Efficient Housing Project Award 2018" from the Department of Alternative Energy Development and Efficiency - Ministry of Energy, the "Thailand Labour Management Excellence Award 2018" from the Department of Labour Protection and Welfare - Ministry of Labour, and the "Right Livelihood Person of the Year" award from the Right Livelihood Foundation.

Over the course of more than 29 years, the Company has been committed to achieving the business sustainability, with an emphasis on creating better quality of life for people in the society. In consideration of the Corporate Social Responsibility (CSR) towards sustainable development following the Sustainable Development Goals (SDGs), the Company has been continuously focused on developing real estate and creating innovative housing solutions along with various aspects of community development such as organizing projects that promote the topics of education, learning, family, health, environment, art, and culture. These projects include the improvement and development of rural schools, the development of landscape for religious buildings, educational programs through academic lectures, and mindfulness meditation programs, and many others. In addition to business operations, the Company is committed to good ethics, good corporate governance, and corporate governance guidelines compliant with the law by emphasizing the internal operational processes to provide a full coverage to create benefits for all stakeholders and society as a whole in order to drive Supalai to become a sustainable business organization in the future.



# Report of the Audit Committee

## To Shareholders

The Audit Committee of the Company comprises 3 independent directors who are experts with experiences in finance, immovable property and organizational management. Mr. Anant Gatepithaya is the Chairman, while Assistant Professor Aswin Bijayayodhin and Associate Professor Dr. Somjai Phagaphasvivat are members. All members of the Audit Committee have the qualifications as specified by the Securities and Exchange Commission.

During 2018, the Audit Committee of the Company has served the terms as follows:

- From January 1 to October 15, 2018, Mr. Prakit Pradipasen served as the Chairman, while Mr. Anant Gatepithaya and Assistant Professor Aswin Bijayayodhin served as members. On October 15, 2018, Mr. Prakit Pradipasen resigned from his position as the Chairman of the Audit Committee.
- On November 13, 2018, the Board of Directors appointed Mr. Anant Gatepithaya as the Chairman, and Assistant Professor Aswin Bijayayodhin and Associate Professor Dr. Somjai Phagaphasvivat as members. Since then, the Company now has the three members of the Audit Committee as reported above.

The Audit Committee performs the duties as assigned by the Board of Directors of the Company, that is, to assist the Board of Directors in supervising the business operations. In 2018, the Audit Committee has carried out its responsibilities in accordance with good corporate governance and the Audit Committee Charter approved by the Board of Directors. The Committee has performed such responsibilities by exercising its knowledge, ability and carefulness with sufficient independence to ensure that maximum benefits were delivered to stakeholders in an equal manner and reported on its performance to the Board of Directors. It has also informed the Audit Committee of the minutes of each meeting with a total of 12 meetings held in 2018. All the Committee members attended these meetings. The Committee has consulted with the executives, the Internal Audit Unit and the external auditor on concerned matters. Its duties can be summarized as follows:

## 1. Review of Financial Report System and Non-Financial Performance

The Audit Committee has jointly with the executives, the Internal Audit Unit and the auditor, reviewed Supalai Public Company Limited's quarterly financial statements as well as its consolidated financial statements of 2018 on a quarterly basis to the independence in performing the duties and the expression of opinion of the auditor. The auditor has also been asked about the correctness and completeness of the financial statements and adjustment of significant accounting items which would have impact on the financial statements, the sufficiency and the appropriateness of the account recording methods and the scope of the audit. Accordingly, the disclosure of information in a correct, complete and sufficient manner with the independence of the auditor ensured that the preparation of financial statements has been made according to the provisions of the laws and accounting standards in line with generally accepted accounting principles. The accounting system and the financial statements are, therefore, correct and reliable. In addition, the information has been disclosed in the financial statements sufficiently and in a timely manner for the benefit of investors or users of the financial statements.

The Audit Committee has reviewed reports on the operational results of various departments by comparing their plans and their operational results. It has made inquiries on problems, while providing opinions and considerations regarding management guidelines to ensure that the implementation of such guidelines has been made in an appropriate and transparent manner.

## **2. Risk Management Review**

The Audit Committee has reviewed the risk management including risk management plans and guidelines according to the principles prescribed in the policy on risk management in order to minimize possible impact to an acceptable level. The effectiveness and suitability of the process, which has been employed for handling risks arising from the Company's both internal and external factors, have been considered and reviewed. Furthermore, the Committee followed up the progress on significant risk management by taking into consideration and identifying risk factors existing in operations as well as chances to generate impact by such risk management. Accordingly, such management ensures that the Company has systematically assessed significant risks while providing knowledge and understanding for the employees across the organization in order to be an important mechanism in creating additional value to its business. In addition, the Audit Committee has provided opinions regarding real estate business development for various locations of land as well as the analysis of risks regarding legal provisions, area of land expropriation and potential of relevant plots of land. The Company has disclosed these risks in the Annual Report for 2018.

## **3. Review of Internal Control System**

The Audit Committee has jointly reviewed the internal control system with the auditor and Audit Committee secretary. Such a review has been conducted to assess the sufficiency and suitability of the internal control system in accordance with the internal audit standards and the guidelines prescribed by the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand in order to cover the security of the information systems. It also considered the audit results according to the approved audit plan and reported the audit results, whereby the management of the Company has monitored and ensured that there were correction and improvement in accordance with the recommendations of the Audit Committee on a continual basis. It shall adjust and improve the internal control system to be in line with changing circumstances. From the internal audit results, there has no weakness or defect in the internal control system which may materially impact business operations of the Company. The Audit Committee is of the opinion that the Company has sufficient internal control system and risk oversight for business efficiency. In addition, the auditor has assessed the internal control system and found no significant weakness which may have impact on the Company's financial statements.

## **4. Review of Compliance with Business Related Laws**

The Audit Committee has reviewed the compliance with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission's Rule of Practice and other laws related to the business of the Company and found that compliance has been made correctly with related laws. The Audit Committee did not receive any reports from the auditor, allegation from outside, management's information disclosure and internal audit on non-compliance that would significantly affect the company. It could be concluded that the Company has effective control of legal compliance and there is no non-compliance that would significantly affect it.

## **5. Review of Connected Transactions or Transaction which might Contain Conflicts of Interest**

The Audit Committee has reviewed connected transactions or those which might contain conflicts of interest. The Committee found that information in these transactions has been thoroughly and sufficiently disclosed. Such information



comprises of actual trading transactions which are general and reasonable businesses with no conflict of interest and in compliance with the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In 2018, there has no transaction qualified as connected transaction or any possible transaction with conflict of interest that needs approval from the meeting of shareholders.

## **6. Review of Implementation of Anti-Corruption Criteria**

The Audit Committee has reviewed the internal control measures including the oversight on compliance with the principle of anti-corruption measures, and established preventive guidelines against possible dishonest act by providing channels for complaints and clues through the Company's website and email. The Company implements many activities to promote and communicate an informative (anti-corruption) exhibitions. The results of the internal audit carried out in accordance with the principle of anti-corruption measures revealed no weakness or defect in the internal control system in material matters, and the Audit Committee is of the opinion that the Company has appropriate internal control system, sufficient oversight of risk and principle of anti-corruption measures in line with the Nation Associate Anti-Corruption Network.

## **7. Review of Requirements of the Audit Committee and Charters of the Internal Audit Unit**

The Audit Committee has reviewed its requirements to be suitable and in accordance with its newly established duties and responsibilities as well as relevant legal provisions by performing its duties with due care, independence and transparency for maximum benefits of the Company. Accordingly, the Audit Committee is confident that the financial statements of Supalai Public Company Limited and its subsidiaries are correct, reliable and in accordance with generally accepted accounting principles. Also, its financial reporting standards have been adopted according to the risk management as well as effective and sufficient internal control system, while being consistent with relevant laws and official requirements in all respects.

In addition, the Audit Committee has reviewed the Charter of the Internal Audit Unit to ensure its suitability and consistency with the responsibilities of the Internal Audit Unit as the Charter would be used as operational guidelines. This will also raise awareness of the importance of corporate governance. The Internal Audit Unit can perform its duties independently, while the Audit Committee can provide recommendations, consultation and information useful for decision in improvement of the Company's operations.

## **8. Oversight of Internal Audit**

The Audit Committee is tasked with the oversight of the internal audit unit, which covers the unit's key operations, scope of duties and responsibilities as well as its independence in performing audit, and, the organizational and workforce management. The Committee reviews and approves an annual audit plan established in accordance with risk assessment results from various departments while providing operational advice to the Internal Audit Unit on an ongoing basis. This is to ensure that internal auditing has been conducted in compliance with international standards and the professional practice framework for enhanced efficiency. In addition, the Committee keeps track of corrective actions with a focus on significant issues in audit reports. In summary, the Committee found that the Company has implemented the internal audit system and information management in a sufficient, suitable and effective manner. The Internal Audit Unit has been able to perform its duties independently while offering consultation and information which have contributed to the Company's effective decision making to improve business efficiency.

## 9. Consideration to Appoint the Auditor and Auditing Fee for the Year 2018

The Audit Committee has considered selecting and proposing to appoint the auditor and determine the auditing fee for the year 2018 by taking into consideration the performance of the previous year of the auditor in compliance with the assessment criteria of the Company in terms of the auditor's qualifications, independence in performing duties, quality and standards of work, which are satisfactory and the auditor has possessed the qualifications in line with the Notification of the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand (SET). The Audit Committee, therefore, had proposed to the Board of Directors to nominate to the Annual General Meeting of Shareholders to further appoint EY Office Limited as auditor of the Company of 2018 and approved the appointment of Miss Krongkaew Limkittikul a Certified Public Accountant (Thailand) No. 5874 or Mr. Supachai Phanyawattano a Certified Public Accountant (Thailand) No.3930 or Mr. Natthawut Santipet a Certified Public Accountant (Thailand) No.5730 to be auditor of the Company and its subsidiaries as well as the annual and quarterly auditing fee and the consolidated financial statements of 2018 in the amount of Baht 3.68 million.



**(Mr. Anant Gatepithaya)**  
**Chairman of the Audit Committee**



# Report of Corporate Governance Committee

## To Shareholders

The Corporate Governance Committee consists of four members and which Chairman of the Committee is an independent director. In 2018, the Corporate Governance Committee held 1 meeting, and its duties comprise of the supervision of Company's business to be in line with the principles of good corporate governance and in accordance with the principles of good corporate governance of the Stock Exchange of Thailand and the principles of the Organization for Economic Cooperation and Development.

The Corporate Governance Committee has attached importance and been committed to improve corporate governance efficiency with transparent management and accountability. Its duties also include the monitoring of the implementation of corporate governance plan by adhering to the business code of conduct for sustainable growth. Its duties also cover counter corruption operations, creation of fairness and responsibilities for stakeholders, such as employees, customers, suppliers, communities, contractors, shareholders, society, environment and government agencies as can be summarized as follows:

### 1. Shareholders' Right

- Organize the annual shareholders' meeting of 2018 by providing in advance sufficient and timely information, date, time and place as well as the meeting agenda and all information relating to relevant matters to be decided by the shareholders' meeting; provide convenience and encourage all shareholders which are institutional investors to attend the shareholders' meeting of the Company and cast their votes in a complete manner. As a result, the Company has received the Investors' Choice Award with the full assessment score of 100 for the quality assessment for the arrangement of the Shareholders for six consecutive years.
- Notify shareholders on regulations to be applied in the meeting in both Thai and English on the Company's website and deliver the invitation to attend the meeting in advance in order for shareholders and institutional investors to have time for preparation not less than 30 days and to study the details of each agenda, and prepare document for assigning proxy; such meeting invitation has been publicized in the newspapers for 3 consecutive days at least 3 days before the date of the meeting.
- Prepare the meeting agenda to include the objectives and rationale for each agenda and opinions of the Board of Directors for each agenda.
- Request for independent voluntary inspector of vote counting to jointly participate in the inspection of vote counting at the vote counting point of each agenda; disclose the resolutions of the ordinary shareholders' meeting as well as the results of the voting after the meeting, then notify the Stock Exchange of Thailand and disclose such results on the Company's website within the day after the completion of the shareholders' meeting.

### 2. Equal Treatment of Shareholders

- Provide an opportunity for shareholders to add items on the meeting agenda, advance questions and nomination of names of candidates to be elected as directors during 12 October 2017 - 5 January 2018.



- Provide convenience to foreign shareholders by preparing documents in 2 languages, namely, Thai and English, and the Company's website has been prepared in 2 languages as well; this is to provide service to interest shareholders.
- Ensure that all directors, executives and employees prepare on conflicts annually report, whereby there has been no conflict of interest in material matters in 2018.
- Ensure that all directors and executives have the duty to report on their holding and changing of their securities according to the law, whereby the Company's secretary has compiled and reported on such matters to the Board of the Directors of the Company for acknowledgement on a quarterly basis.
- Ensure that disclosure of information has been made on connected transactions in the annual report (Form 56-2) and annual registration statement (Form 56-1) in a complete manner, however, in case there are connected transactions, they must be approved in advance by the Board of Directors of the Company and there must be disclosures in details of the transactions, values, reasons and needs in the annual registration statement and the annual report according to the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand while the Audit Committee must attend the meeting to consider and ensure that connected transactions are made in a reasonable and fair manner.

### 3. Importance of Interest Parties

- Provide channels for reporting on whistle blowing or complaints on violation of laws or offences regarding dishonest acts or violation of code of conduct, by voicing concerns using phone number 1720 or sending emails to Internal Audit Section (anti-corruption@supalai.com) which shall further report directly to the Audit Committee.

### 4. Disclosure of Information and Transparency

- Prepare annual registration statement (Form 56-1) and annual report (Form 56-2) as well as quarterly report on operational results, financial statements and important information for shareholders, investors and the general public with complete, sufficient, reliable material matters in a timely manner through various channels, such as the Stock Exchange of Thailand system and the Company's web site (www.supalai.com) in both Thai and English.
- Prepare the sustainability report for the year in 2018, that is, the Company observes the Global Reporting Initiative Version 4.0 (GRI G4) in order to reflect the factors having impact on sustainable business operation of the Company in terms of governance, social and environmental aspects.
- Establish investment relations unit for use by shareholders, investors, and the general public as channels for contact and information relating to the Company; such channels have been publicized in the annual report (Form 56-2) and the website of the Company which, in 2018, have implemented the requirements of the Investor Relations Unit to align with the Corporate Governance Code (CG Code).

### 5. Responsibilities of the Committee

- Review Good Corporate Governance Manual and the Manual on Business Code of Conduct (Synopsis Edition) for employees that provide samples of proper and improper practices. This is to be in line with the good corporate governance of the Stock Exchange of Thailand, which, in 2018, has added examples of handling and protecting personal data.

- Ensure that there is an annual evaluation of operational results of the company's Board of Director and sub-committees as well as conducting self assessment of the Board of Directors, the Sub-Committee; and evaluation of work of highest executives of the Company annually.
- Ensure that the directors of the Company complete the required training.
- Organize meeting of non-executive directors, without any executive directors for independent directors to have opportunity to share opinion.
- Organize the use of IT Governance to appropriately align with the Company's direction.

## 6. Social Responsibility and Sustainable Development

The Company is committed to the development of the Company and its stakeholders to achieve the overall sustainable growth, especially in environmental, social, and governance aspects.

Supalai Public Company Limited received the "Thailand Sustainability Investment award 2018" from The Stock Exchange of Thailand (SET). These awards are presented to listed companies with outstanding performance in terms of sustainability development and enhancing the development of social enterprise for 4 consecutive years.

## 7. Corporate Governance Award

In 2018, the Company has been awarded "Excellence" level of recognition for the corporate governance practices by Corporate Governance Report of the Thai Listed Companies (CGR), organized by the Thai Institute of Directors Association (IOD), in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand for 6 consecutive years.

The Corporate Governance Committee continues to strive to improve the corporate governance to be transparent and be a good role model because the Committee strongly believes that the management that adheres to the rule of law with transparency, honesty, accountability while developing good corporate governance continuously and focusing on the responsibility toward stakeholders with its utmost effort would enable the organization to achieve sustainable growth and create confidence among shareholders and all stakeholders.



**(Assoc.Prof.Dr.Somjai Phagaphasvivat)**  
**Chairman of the Corporate Governance Committee**



# Report of the Nomination and Compensation Committee

## To Shareholders

The Nomination and Compensation Committee consists of 3 independent directors, which is more than one half of the total number as follows:

- |    |                       |                  |   |
|----|-----------------------|------------------|---|
| 1. | Assoc.Prof.Dr.Virach  | Aphimeteetamrong | Chairman of the Nomination and Compensation Committee |
| 2. | Assoc.Prof.Dr. Somjai | Phagaphasvivat   | Director of the Nomination and Compensation Committee |
| 3. | Mrs.Ajchara           | Tangmatitham     | Director of the Nomination and Compensation Committee |

Due to Mr. Prakrit Pradipasen's resignation on 15 October 2018, the Board of Directors has appointed Assoc. Prof. Dr. Virach Aphimeteetamrong as a new Chairman of the Nomination and Compensation Committee and Assoc.Prof.Dr. Somjai Phagaphasvivat as a new director of the Nomination and Compensation Committee effectively on 13 November 2018.

The Nomination and Compensation Committee has performed its assigned duties carefully, transparently, honestly and reasonably by taking into account maximum benefits of the shareholders and stakeholders. There have been studies of more information regarding concerned matters in a complete manner. It has also encouraged members to express their opinions freely and creatively in accordance with the duties and responsibilities specified in the Charter of the Nomination and Compensation Committee. In 2018, the Nomination and Compensation Committee held 2 meetings. The results from the meeting including comments and recommendations have been reported to the Board which must be done on a continual basis. Important tasks of this Committee in 2018 are as follows:

## Nomination and Proposed Personnel to Assume the Board

The Committee had reviewed nomination procedures which had been adopted to select the directors according to transparent criteria, by adhering to the good practices in line with good governance principles, and to ensure confidence among the shareholders and stakeholders. The procedures are disclosed in the Company's annual report and website.

In addition, the Nomination and Compensation Committee had also invited shareholders to nominate suitable persons to be selected as candidates for election between 12 October 2017 - 5 January 2018, but there was no nominee from shareholders. The Nomination and Compensation Committee had, therefore, considered re-appointing the retired directors in 2018 for another term of office, and the shareholders' meeting had approved the new directors as proposed. The new director being appointed possesses complete qualifications pursuant to the Public Companies Act with no prohibited characteristics as prescribed in other laws enforced upon the Company. The new director also possesses expertise with no vested interest or conflict of interest with the Company. Besides, such director possesses qualifications, knowledge and ability in accordance with the business operation strategy of the Company. Moreover, set up succession plan of qualified executive management. Details were published in this Annual Report for transparency and audit purposes. The review assessment has ensured the independence of all independent directors.



## Determine Compensation for Board and Subcommittees

To determine and set up fair criteria for an appropriate compensation payment for the Board of Directors, sub-committee, President, and executive management. Comparison between actual performance outcomes and key performance indicators (KPIs) is required. The consideration was made by taking into account the directors' responsibilities, business size and environment as well as the general economic condition, results of operations that reflect and link with the operational results when compared with the compensation rate of companies in the same industry. Such compensation must be competitive and reasonable. This had been proposed to be approved by the annual meeting of shareholders of 2018. The compensation for directors, sub - committee members and executives has been disclosed in this Annual Report for transparency inspection.

## Evaluation of Board, Subcommittees, and Independent Directors Performance

There has been self-evaluation of the Board of Directors and Subcommittees on a group and individual basis annually. In 2018, further performance evaluation was conducted on the independent directors. The evaluation results concluded that all independent directors possessed the qualification required and satisfied by the Securities and Exchange Commission within their responsible duties and can freely express their opinions without any conflict of interest to the company.

The results have been reported to the Board of Directors so as to be used for efficiency improvement and company's goals achievement.

## Directors Development Plan

To encourage all directors to attend training sessions or participate in activities to provide continual development by utilizing the Company's resources, together with self-evaluation of necessary skill (Board skill matrix), where by in 2018, IT Governance is incorporated as another important skill. The Board skill matrix is beneficial in defining strategy, policy and direction of the Company's business operations. However, there has been no new member of the Committee in 2018. Should there be any new member, there would be an orientation with a director's manual provided. Also, useful information to the performance of duties of the Committee member would be communicated before attending the Board of Directors' meeting for the first time.

## Improvement and Development of Roles and Duties of the Nomination and Compensation Committee

The Nomination and Compensation Committee has reviewed the Charter of the Nomination and Compensation Committee (NCC) annually. It has screened all matters relating to its roles and duties in order to improve its performance for maximum benefits of the shareholders. Such matters shall then be further considered and approved by the Board of Directors.

## Composition and Board Diversity

To consider and review policy on the diversity of the Board of Directors' structure and necessary skills for selection of directors (Board Diversity) so as to verify structure, composition, and expertise of both the Board of Directors and sub-committee. During the year 2018, the Committee held a total of 2 meetings, in order to be used as information in support of the selection of directors to replace directors who are completing their term of office, which must be done according to the Company's business operation strategy. The committee agreed that the Board of Directors and sub-committees were all currently suitable for the business of the Company.

All members of the Nomination and Compensation Committee have upheld the importance of attending the meetings, expressing opinion as well as searching for information that would be useful for the development of the nomination and compensation for all concerned on a fair and appropriate basis by adhering to the principle of good corporate governance of the Stock Exchange of Thailand, which is in line with the Corporate Governance Code. All the comments and recommendations can then be used with confidence and trustworthiness as tools for the Board of Directors in performing duties.



**(Assoc.Prof.Dr.Virach Aphimeteetamrong)**  
**Chairman of the Nomination  
and Compensation Committee**



# Report of Risk Management Committee

## To Shareholders

The Risk Management Committee consists of executive directors, independent director and key management who have experiences, knowledge and understanding of business operations and risk management. There are altogether 10 members as follows:

1.	Mr.Atip	Bijanonda	Chairman
2.	Mr.Anant	Gatepithaya	Director
3.	Mr.Tritecha	Tangmatitham	Director
4.	Mrs.Varunee	Lapitananuvat	Director
5.	Mr.Punnapan	Nengpetch	Director
6.	Mr.Kittipong	Sirilugtrakun	Director
7.	Mr.Boonchai	Chaiananbovorn	Director
8.	Ms.Tanwarat	Punyaratana	Director
9.	Mrs.Suchawadee	Suppha-asa	Director
10.	Mr.Krid	Chancharoensuk	Director

## Performance of Risk Management Committee in 2018

The Board of Directors has assigned the Risk Management Committee to perform its duties and responsibilities as specified in the Risk Management Committee Charter.

In 2017, The Risk Management Committee has appointed Sub-Risk Management Committee. Its main function was to establish guidelines to manage risk in a tangible manner, whereby there were 6 meetings of this Sub-Risk Management Committee, while there were 2 meetings of the Risk Management Committee. Its duties consist of the prescription and review of the organization's risk management framework, policy, organization's risk management process and the charter of the Risk Management Committee in order to be suitable for efficient business operations and in accordance with international standards. It also provides recommendations and guidelines for risk management in accordance with the strategic direction and business plan. It also support the continual development of risk management at all levels across the organization in order to create corporate culture and to ensure effective risk management and the management of important risks to be at an acceptable level.

In addition, monitoring, evaluation, review and approval of the risk management plan which covers various risks, particularly strategic risk, operational risk, financial risk, liquidity risk, compliance risk, corruption risk, market risk, information technology risk, social network risk, customer protection risk, social and environmental risk and emerging risk. The result of risk management would be proposed to the board of directors through the Board of Director.

The Risk Management Committee has performed the duties in the past year to ensure that the risk management has been sufficient and appropriate, and it has been conducted continuously until the risks are acceptable to the Company as follows :

- 1) Holding 6 meetings of the Sub-Risk Management Committee and 2 meetings of the Risk Management Committee.
- 2) Reviewing the policy on risk management and the requirements of the Risk Management Committee.
- 3) Establishing Risk Map of the organization.
- 4) Establishing criteria of likelihood and impact to assess the organization's risk to be at an acceptable level.
- 5) Reviewing the risk management manual to be guidelines for employees regarding risk management in the organization.
- 6) Providing "Ya tuen" communication to create knowledge and understanding about risk management.
- 7) Providing training courses on Risk Management Guidelines for new employees, and the Enterprise Risk Management course for supervisors.
- 8) Providing online test on risk management knowledge for employees in the Company and its subsidiaries to create knowledge and understanding on risk management.
- 9) Providing a communication channel on risk management to be accessible for everyone in the Company by Intranet and Line Group of risk management team.
- 10) Providing notification channel via Google Site system in order for employees to participate in risk management throughout the organization.
- 11) A Business Continuity Plan (BCP) shall be adopted and rehearsed in order for the Company to continue its business operations and strengthen its corporate image in terms of good management.

The Risk Management Committee has a key operational plan in 2019 as follows:

- 1) There shall be 2 meetings of the Sub-Risk Management Committee and 2 meetings of the Risk Management Committee.
- 2) The policies and risk management requirements shall be reviewed and updated to be in line with business strategy and vision.
- 3) The corporate risk shall be identified, analyzed and assessed to cover all major risks and the risk management plan shall be adopted in order to manage risk to be at an acceptable level.
- 4) The risk management communication shall be provided for employees at all levels via cartoon version manual on risk, while Google Site shall be updated on Frequently Asked Questions regarding risk management.
- 5) The roles and responsibilities of the Risk Champion shall be reviewed to bring about concrete results.
- 6) A Business Continuity Plan (BCP) shall be adopted and rehearsed in order for the Company to continue its business operations and strengthen its corporate image in terms of good management.
- 7) Providing risk management tool training (Bow Tie Analysis) for risk management team (Risk Champion)

From such operational plan, the Company is confident that the business goals will be achieved for the maximum benefit of shareholders as well as other groups of stakeholders.



**(Mr. Atip Bijanonda)**  
**Chairman of the Risk Management Committee**



# Economic Performance in 2018-2019

**Sitthiwet Niyombundit**

The released data of Gross Domestic Product (GDP) in 2018, as shown in table 1, suggests that the economic growth rate of Thailand in 2018 will certainly maintain at a level greater than 4%, although the GDP in the third quarter has shown slower economic growth when compared to other quarters within the same year.

The elements of macroeconomic have expanded to a certain degree over the previous year. One of the key contributions comes from private consumption which highlights an annual growth rate of near 5%, the highest in 5 years. When taking a more in-depth look at the details, the increased growth contributed majorly from auto sales which grew at 13.45% in the past three quarters. This aligns with the time period in which cars purchased under the “First Car” policy from 2007 to 2008 could be sold. The strong growth of automotive products has become part of the cycle that the government has created to purchase high-value and durable automotive goods within a time frame close to 5 to 10 years. Nevertheless, if the consumers lack the purchasing power as a basic factor, this scenario would not be possible and can be an indicator of the overall economic condition. While government consumption shows improvement over the past year due to the adjustment of government agencies following the Procurement Act announced in 2017, the growth trend is not much more impressive when compared to the previous years.

In terms of investment, the overall growth rate was 3.64%. When compared to the growth rate of only 1.04% in the last three quarters, the growth of both private and public investment has significantly increased and is expected to reach its peak in the last 5 years. In absolute term, private investment in infrastructure has the highest growth that increased by 3.98%, followed by investment in machine tools with a growth rate of 4.11% as a result of the increase in automobile consumption that demands further investments. Moreover, public investment in railways, airports, and ports in the Eastern Economic Corridor, coupled with a policy that promotes foreign investment, will contribute to the continuous growth of private investment in the future.

In the international trade sector, it can be considered a very regressed year for exports based on the figures in the third quarter of this year, which has a negative growth rate of 0.1%. On the other hand, imports have expanded to more than 10%, resulting in a decrease in net export value. In the next year, these figures are expected to improve more or less as there were signs of compromise and negotiations on trade war during G20 conference held in late 2018. However, the international trade sector has a high degree of volatility and variability, thus placing the projected economic growth rate at a higher and wider risk.

The economic growth rate of Thailand in 2019 is projected to be in the range of 4%, which is slightly less than the rate in 2018. There could be a variance of around 0.5% due to the uncertainty of trade war tensions between the United States and China.



**Table 1 : GDP(CVM) y-o-y growth rate Source : The Office of the National Economic and Social Development Board**

Approx.% of GDP		50%	10%	25%	15%		100%
		P.Con	G.Con	Cap	X	M	GDP
<b>2013</b>	Q1	5.8	0.3	10.3	5.7	8.4	5.4
	Q2	2.6	1.5	3.6	1.5	2.9	2.7
	Q3	-0.3	3.1	-3.1	2.1	-0.5	2.5
	Q4	-4	1	-13.1	1.6	-3.8	0.2
	Total	0.9	1.5	-1	2.7	1.7	2.7
<b>2014</b>	Q1	-2.9	3.2	-10.3	0.1	-10.7	-0.4
	Q2	1.3	1.6	-4.4	-0.7	-9.3	0.8
	Q3	2.7	1	2.7	-3.2	0	1.1
	Q4	2	5.8	3.8	4.8	-0.6	2.4
	Total	0.8	2.8	-2.2	0.3	-5.3	1
<b>2015</b>	Q1	2.3	1.6	9.9	2.5	2.6	3
	Q2	1.9	1	1.2	2.7	0.4	2.9
	Q3	1.9	2.1	-1.9	4.3	-2	3.3
	Q4	3	5.3	8.9	-2.8	-0.9	2.9
	Total	2.3	2.5	4.3	1.6	0	3
<b>2016</b>	Q1	3	8.3	4.9	5.1	-4.9	3.4
	Q2	4	2.8	3.3	2.3	-1.7	3.6
	Q3	2.7	-3.9	1	2	-1	3.1
	Q4	2.3	2.9	2.1	1.8	3.5	3
	Total	3	2.2	2.8	2.8	-1	3.3
<b>2017</b>	Q1	3.1	-0.7	1.7	2.7	5.9	3.4
	Q2	2.9	0.4	0.3	5.1	7.2	3.9
	Q3	3.4	1.8	1.2	6.9	6.5	4.3
	Q4	3.4	0.2	0.3	7.4	7.5	4
	Total	3.2	0.5	0.9	5.5	6.8	3.9
<b>2018</b>	Q1	3.7	1.9	3.4	6	8.7	4.9
	Q2	4.5	2	3.7	6.8	8.3	4.6
	Q3	5	2.1	3.9	-0.1	10.7	3.3

**Note:** P.Con. = Private Consumption, G.Con. = Government Consumption, Cap. = Capital Formation = Investment, X = Exports, M = Imports



# Housing Market Summary in 2018 and Forecast in 2019

**Sitthiwet Niyombundit**

Data on the housing market for the first half of 2018 shows that residential sales in 2018 with approximately 113,000 units (Table 1) should be better than the previous year, although the difference may be of small significance. Additional data from the second half of the year suggests that condominium sales are likely to continue to grow from the momentum of the first half of the year, though other housing types may not follow the same direction.

Based on data in the first half of the year, the sales of single detached houses are estimated to be around 13,000 units (Table 1). However, the number of single detached houses sold in the market is still lower than the average over the past 8 years, while the sales of townhouses are considered significantly higher than its average. This housing market condition indicates that consumers prefer other property types with a budget lower than single detached houses because the cost of a single detached house has increased beyond many consumers' purchasing power. For condominiums, the sales are expected to continue with an average of approximately 59,000 units. However, the number of condominiums available on the market is much less than the average, reflecting the difficulty in acquiring land for condominium projects.



**Table 1: Number of residential units sold and remained by type**

Number of total units sold and remained								
Year	2011	2012	2013	2014	2015	2016	2017	2018
Year-end Inventory (unit)	134,266	128,934	144,098	167,567	171,905	184,329	195,227	180,635
Sold (unit)	81,816	107,412	116,481	90,635	103,642	98,153	103,579	113,508
Total (unit)	216,082	236,346	260,579	258,202	275,547	282,482	298,806	294,143
<b>Sold (%)</b>	<b>37.86%</b>	<b>45.45%</b>	<b>44.70%</b>	<b>35.10%</b>	<b>37.61%</b>	<b>34.75%</b>	<b>34.66%</b>	<b>38.59%</b>
Number of single detached houses sold and remained								
Year	2011	2012	2013	2014	2015	2016	2017	2018
Year-end Inventory (unit)	39,358	38,778	37,361	39,380	39,826	39,527	36,971	34,896
Sold (unit)	15,539	13,300	14,206	12,467	12,118	12,445	12,773	13,158
Total (unit)	54,897	52,078	51,567	51,847	51,944	51,972	49,744	48,054
<b>Sold (%)</b>	<b>28.31%</b>	<b>25.54%</b>	<b>27.55%</b>	<b>24.05%</b>	<b>23.33%</b>	<b>23.95%</b>	<b>25.68%</b>	<b>27.38%</b>
Number of townhouses sold and remained								
Year	2011	2012	2013	2014	2015	2016	2017	2018
Year-end Inventory (unit)	39,707	38,617	44,639	51,144	48,999	54,854	62,571	57,996
Sold (unit)	23,148	23,593	22,025	16,933	27,145	24,277	27,545	33,962
Total (unit)	62,855	62,210	66,664	68,077	76,144	79,131	90,116	91,958
<b>Sold (%)</b>	<b>36.83%</b>	<b>37.92%</b>	<b>33.04%</b>	<b>24.87%</b>	<b>35.65%</b>	<b>30.68%</b>	<b>30.57%</b>	<b>36.93%</b>
Number of condominiums sold and remained								
Year	2011	2012	2013	2014	2015	2016	2017	2018
Year-end Inventory (unit)	43,520	40,853	51,260	63,536	67,349	69,798	76,790	69,936
Sold (unit)	37,797	65,215	73,843	44,722	59,020	55,901	56,634	59,432
Total (unit)	81,319	106,068	125,103	108,258	126,369	125,699	133,424	129,368
<b>Sold (%)</b>	<b>46.48%</b>	<b>61.48%</b>	<b>59.03%</b>	<b>41.31%</b>	<b>46.70%</b>	<b>44.47%</b>	<b>42.45%</b>	<b>45.94%</b>

When evaluating the overall housing market, it can be said that the sales of residential units across different types are collectively strong which may have benefitted from the economic growth in 2018 that is significantly higher than the previous year. When considering various components of the gross domestic product, these components are expected to continue to grow at a higher rate. On the small chance that the growth rate decreases, the magnitude should not be significant due to a variety of on-going projects especially in investment sector.

In terms of measures adopted by the Bank of Thailand, the loan-to-value (LTV) ratio control will have a direct impact to the second home or one that has a price higher than 10 million baht. The down payment is 5-10% for most low-rise housing, and 10-20% for high-rise housing depending on the promotion of each housing project on the market. From the difference in down payment between the two housing types, the high-rise housing market is expected to receive minimal impact, while the low-rise housing market, which normally does not gather much interest from investors, is most likely affected. The demand for low-rise housing should be somewhat reduced, especially in the low-end consumer group, due to some consumers leaning towards the purchase of houses at lower price will be marginalized.

Based on data above and trends, it can be concluded that the housing market conditions in 2019 should not change much from 2018 with the housing demand of around 100,000 units per year likewise. Though the external factors may affect the demand beyond our predictions, they are not importance and out of scope.

In terms of volatility in the international trade sector as a result of trade war tensions, there will be a negative impact on the economic growth of Thailand and the housing market, though the magnitude may be small since it is just a secondary factor. The key factors that will make a direct impact are the market players. Many entrepreneurs expect the housing market growth of 5% in 2019. If looking at the details of absorption rate, it is expected to be at a level of 100,000 units with no significant changes. On the other hand, the selling price of real estate properties are growing at 7% per year. That forecast of market would probably indicate price growth rather the number of unit sold.

General public may raise a question: “How long will the housing market remain at the current conditions?” Given the condition that the price of land has continuously risen for at least 5 years, the important factors that determine the direction of the housing market return to income (or the purchasing power) or the economic growth. In other words, as long as the economy has good fundamentals and continuous growth, the consumers will have the purchasing power to acquire properties and the ability to accommodate the rising home price. There is a misconception that consumers as a whole have the ability to buy the same number of new houses under the rising cost because the residential sizes offered in the market decreases to allow consumers to purchase at the same number of units at a lower unit price, in spite of the higher land price. On contrary to that belief, the department has performed research on the market to show that belief is false and, in fact, the average size of houses available on the market tends to increase overall.

From Table 2, the average home price from 2013 to 2018 grew by an annual rate of about 6% for single detached houses and duplex houses, and 3.4% for townhouses. The increase in home price of 6% per year likely comes from positive consumers’ perception of the economy and the increased income as a result of the economic growth. The figure 3.4% is much more interesting in that the land use of townhouses is generally half of single detached houses and the cost of land for single detached houses increases by 6%, therefore, increasing the value of townhouses at half of the single house rate. As a result, the demand for townhouses has increased considerably due to affordable pricing and shorter commute when compared to single detached houses.

**Table 2: Average Annual Home Price Appreciation Rate of home price by housing type (2013-2018)**

Housing Type	Mid 2013 (Million baht)	Mid 2018 (Million baht)	% Annual Rate
Single Detached House	7.346	5.458	6.12%
Duplex House	4.211	3.122	6.17%
Townhouse	2.684	2.276	3.35%
Condominium	4.097	2.603	9.50%
Total	4.076	2.898	7.06%

Table 3 indicates home prices on the market from 2013 to 2018 did not increase at a very high rate. More specifically, the highest rate belongs to townhouses in the price range of 0.5-1.0 million baht at 3.59%, while other rates are all lower and more importantly some combinations of housing types and price ranges experienced negative appreciation rate. This is not an indication of downsizing, but rather a result of land at farther distance and thus reducing cost of the land component. Furthermore, the overall increase rate of home prices by housing type correlates to the rates from Table 2 which are based on consumer data. The reason why the overall price of a certain type increases while the price of the same type in each price range gradually decreases is because the products offered in 2018 is comprised of expensive or larger properties. This fact very well rejects the misconception that sellers have reduced the overall product sizes offered in the market.

This shows that consumers still have the ability to accommodate the increase in home prices as a result of the increase in land prices, which, in turn, leads to a level of comfortability that, at the very least, the increased land price will not be a factor in slowing down the housing market, similar to Australia’s situation.

**Table 3: Annual Home Price Appreciation Rate by housing type and price range (2013-2018)**

Housing Type/Price Range (million baht)	Single Detached House	Duplex House	Townhouse	Condominium	Total
<0.5				0.27%	0.27%
0.5-1.0			3.59%	-0.09%	0.75%
1.0-2.0	1.40%	-0.20%	2.28%	0.55%	1.11%
2.0-3.0	0.00%	0.52%	0.15%	0.20%	-0.16%
3.0-5.0	0.83%	0.80%	-1.06%	-0.05%	-0.04%
5.0-10.0	0.20%	-0.58%	0.75%	0.59%	0.34%
10.0-20.0	0.52%		2.71%	1.29%	0.93%
>20.0	1.74%			-5.21%	-1.22%
<b>Total</b>	<b>5.64%</b>	<b>6.05%</b>	<b>4.05%</b>	<b>5.68%</b>	<b>4.29%</b>



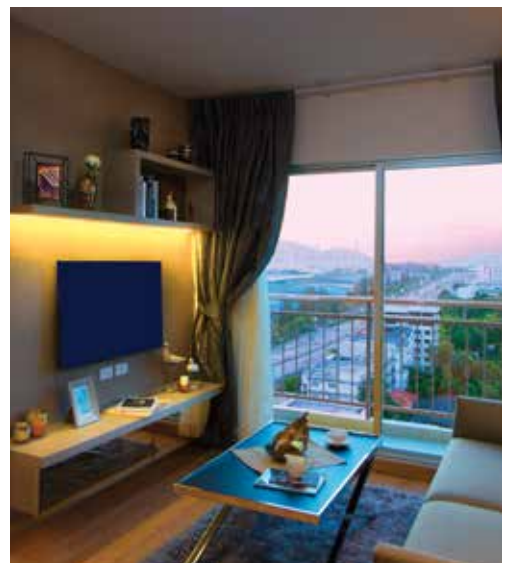




# Corporate Profile

## Business Operations

Supalai Public Company Limited (the Company or Supalai Pcl) was established on 26 June 1989. Its operations began with real estate development in the category of housing projects and commercial buildings with the initial registered capital of 100 million baht. At the beginning stage, its business dealt with constructing single detached houses and townhomes in the form of gated communities. Subsequently, its business has expanded to cover condominium projects, office buildings, hotels and resorts. In 1992, the Company has transformed into a public company with the registered capital increased to 1,000 million baht and its shares had been listed on the Stock Exchange of Thailand on 17 November 1993. The Company's goal is to focus on building both low-rise and high-rise housing projects. However, in 1997, the Company had suffered from Thailand's economic crisis and had entered into the debt restructuring process of the Office of the Debt Restructuring Committee of the Bank of Thailand in 1999 with its total debt value of 8,113 million baht. The debt restructuring was completed in 2002 and the Company has continued its real estate development by building single detached houses, townhomes, duplex houses, condominiums, office buildings, resorts and hotels. Up to the present, the Company's paid-up issued capital increased to 1,716 million baht. During 2004 – 2018, the Company has undergone significant changes and developments as follows:





## Summary of Significant Changes and Developments

<h3>2004</h3>	<ul style="list-style-type: none"> <li>2 projects of single detached houses and townhomes were launched, they are (1) Supalai Ville Srinakarin (2) Supalai Ville Ekamai-Ramindra. At the same time, 3 big high-rise building projects were also opened, they are (1) Supalai Casa Riva on the Chao Phraya River (2) Supalai Premier Place Asoke (3) Supalai Oriental Place Sathorn - Suanplu.</li> <li>TRIS RATING had rated the credit of Supalai Plc. at the level of “BBB”. Such credit level reflected the Company’s long standing experiences in real estate development with an experienced management team. It is a symbol accepted in the medium-price housing market.</li> </ul>
<h3>2005</h3>	<ul style="list-style-type: none"> <li>1 single detached house project, Supalai Park Ville, was opened together with 2 condominium projects in the heart of the city, namely, (1) City Home Ratchadaphisek (2) City Home Sukhumvit of which the sales had been closed during the Grand Opening.</li> <li>The Company issued and offered for sale 3<sup>rd</sup> series of ordinary share warrants in the amount of not more than 433,087,447 units to existing shareholders at the par value of 0 baht per unit with the exercising right of 3 years, whereby 1 unit of the warrant can be exercised to purchase 1 ordinary share at the par value of 1.50 baht. At present, the exercising rights of such warrants had expired.</li> <li>The Company issued and offered for sale ordinary share warrants in the amount not more than 10,000,000 units to the employees, executives, directors and advisors to the Board of Directors at the par value of 0 baht with the exercising right of 3 years. One unit of such warrants could be exercised to purchase 1 share at the par value of 2.28 baht. At present, the exercising right of such warrants had expired.</li> <li>The Company issued and allocated shares for the capital increase in the amount of not more than 443,087,447 shares at the par value of 1 baht per share to support the exercise of right under the 3<sup>rd</sup> series of ordinary share warrants and the warrants offered for sale to the employees, executives, directors and advisors of the Board of Directors.</li> </ul>
<h3>2006</h3>	<ul style="list-style-type: none"> <li>4 Projects of single detached houses and townhomes were launched, namely, (1) Supalai Suvarnabhumi (2) Supalai Ville Outer Ring Road - Rattana Tibeth (3) Supalai Ville Sukhumvit - Srinakarin (4) Supalai Ville Kingkaew - Srinakarin and 2 condominium projects, namely, (1) Supalai Park Srinakarin (2) Supalai River Place. Also, Supalai Grand Tower Building, an office building for rent on Rama 3 Road, was opened this year, and Supalai Head Office was relocated into this building.</li> <li>TRIS RATING upgraded credit rating of Supalai Plc. to the level of “BBB+”, which reflected a better financial position and ability to control the operational cost.</li> <li>The Company received ISO 9001:2000 certificate from the Engineering Institute of Thailand under H.M. The King’s Patronage (EIT-CBO) and from AFAQ-EAQA for low-rise projects.</li> </ul>

## 2007

- 4 projects of single detached houses and townhomes were launched, namely, (1) Supalai Ville Wongsawang (2) Supalai Park Ville 2 (3) Supalai Garden Ville Outer Ring Road Pinklao - Rama V (4) Supalai Ville Outer Ring Road Pinklao - Rama V together with 4 condominium projects, namely, (1) City Home Ratchada - Pinklao (2) Supalai Premier Ratchada - Narathivas - Sathorn (3) City Home Tha Phra Intersection (4) Supalai Park @ Kaset.
- TRIS RATING maintained the credit rating of Supalai Plc at the level of “BBB+”.
- The Company received the ISO9001:2000 certificate from the Engineering Institute of Thailand under H.M. the King’s Patronage (EIT-CBO) on 15 August 2007 for high - rise projects.

## 2008

- 8 projects were launched comprising of 5 projects of single detached houses and townhomes and 3 condominium projects, they are (1) Supalai City Home Rattanathibeth condominium project (2) Supalai City Resort Ramkhumhaeng condominium project (3) Supalai Ville Rattanathibeth-Khae Rai townhome project (4) Supalai Ville Sukhumvit-Phraeksa single detached house project (5) Supalai Ville Tiwanon-Pathumthani townhomes project (6) Supalai Garden Ville Tiwanon-Pathumthani single detached house project in (7) Supalai City Resort condominium project in Phuket and (8) Supalai City Resort single detached house and townhome project in Phuket.
- The Board of Directors of the Company approved of the re-purchase of ordinary shares of the Company from the stock market according to the Treasury Stock Project for financial management in the amount of 120 million shares or 6.99% of all issued and paid-up shares, whereby the Company could purchase the total amount of 120 million shares.

## 2009

- 11 projects were launched comprising of 6 projects of single detached houses and townhomes and 5 condominium projects, they are (1) the single detached house, townhome and duplex house project of Supalai City Hill Phuket (2) the single detached house project of Supalai Hills Phuket (3) the single detached house and townhome project of Supalai Ville Ratchapruek - Petchakasem 48 (4) the single detached house and townhome project of Supalai Park Ville Ramindra 23 (5) the single detached house project of Supalai Park Ville Pracha Unit 86 (6) the single detached house, townhome and duplex house project of Supalai Ville LakSi - DonMuang (7) the condominium project of Supalai Park @ Tiwanon (8) the condominium project of Supalai Casa Riva Vista 2 (9) the condominium project of Supalai Park Asoke - Ratchada (10) the condominium project of Supalai Park @ Ratchayothin and (11) the condominium project of Supalai Park @ Downtown Phuket.
- The Company’s Board of Directors resolved to offer for sale existing 120,000,000 ordinary shares at a par value of 1 baht per share, they were the ordinary shares repurchased by the Company from the Stock Exchange of Thailand according to the Treasury Stock for Financial Management Project, which comprised 6.99% of all the shares sold of 1,716,553,249 shares. They were offered for sale to the general public through the underwriters at the value of 5.55 baht per share, whereby the Company had an objective to use such mobilized sum of money as working capital in the current projects and for purchasing new land.
- The Company received ISO 9001:2000 Certified for “Housing Projects” and “Condominium Projects” from Bureau Veritas Certification Thailand Company Limited which covers everything from the plan layout stage, design, construction, sales and property management.

## 2010

- 14 projects were launched comprising of 10 projects of single detached houses and townhomes and 4 condominium projects, they are (1) the single detached house and duplex house project of Supalai Ville Phaholyothin-Chantharubeksa (2) the single detached house and duplex house project of Supalai Ville Saimai-Wacharapol (3) the single detached house project of Supalai Park Ville-Ramindra 5 (4) the single detached house project of Supalai Garden Ville Phuket (5) the single detached house and duplex house project of Supalai Garden Ville Changwattana-Laksi (6) the single detached house project of Supalai Garden Ville Chiangmai (7) the single detached house project of Supalai Park Ville Outer Ring-Ratchaphruek (8) the townhome project of Novo Ville Tiwanon-Pathumthani (9) the townhome project of Supalai Ville Srinakarin-Kingkeaw (10) the single detached house project of Supalai Garden ville Outer Ring-Lumlukka Klong 3 (11) the condominium project of Supalai River Resort (12) the condominium project of City Home Srinakarin (13) the condominium project of Supalai Park Rachapreuk-Petchkasem (14) the condominium project of Supalai Premier @ Ratchathewi.
- TRIS RATING upgraded credit rating of Supalai Plc. to the level of “A-”, which reflected a better financial position and ability to control the operational cost.
- The Company received ISO 9001:2008 Certified for “Housing Projects” and “Condominium Projects” from Bureau Veritas Certification Thailand Company Limited which covers everything from the plan layout stage, design, construction, sales and property management.

## 2011

- 9 projects were launched comprising of 5 projects of single detached houses and 4 condominium projects, they are (1) the single detached house project of Supalai Montara Pinklao-Bhuddhamondhol Sai 1 (2) the single detached house and duplex house project of Supalai Ville Ringroad-Lamlukka Klong 3 (3) the townhome project of Novo Ville Ringroad-Lamlukka Klong 3 (4) the single detached house project of Supalai Park Ville Romkiao-Suvarnabhumi (5) the single detached house project of Supalai Suanluang (6) the condominium project of Supalai Prima Riva (7) the condominium project of Supalai Premier Asoke (8) the condominium project of Supalai Park Kaerai-Ngamwongwan (9) the condominium project of Supalai Park Ekkamai-Thonglor.

## 2012

- TRIS RATING maintained credit rating of Supalai Plc. at the level of “A-”, which reflected a better financial position and ability to control the operational cost.
- 17 projects were launched comprising of 10 projects of single detached houses and 7 condominium projects, they are (1) the single detached house project of Supalai Park Ville Sriracha (2) the single detached house project of Supalai Garden Ville Suvarnabhumi (3) the townhome project of Novo Ville Ringroad-Lamlukka Klong 5 (4) the single detached house and duplex house project of Supalai Ville Sri Samarn - Pathumthani (5) the single detached house and duplex house project of Supalai Ville Ratchapruk - Bangbuatong (6) the townhome project of Novo Ville Phahonyothin52 (7) the single detached house project of Garden Ville Ringroad - Lamlukka Klong 5 (8) the single detached house project of Garden Ville Airport (9) the single detached house project of Park Ville Changpuak (10) the single detached house project of Garden Ville Suraththani (11) the condominium project of Supalai City Resort Ratchada - Huaykwang (12) the condominium project of Supalai Wellington (13) the condominium project of Supalai Vista@Tiwanon Intersection (14) the condominium project of Supalai Park @ Phuket City (15) the condominium project of Supalai Monte @ Viang Chiangmai (16) the condominium project of Supalai Lite @ Sathorn - Charoenrat (17) the condominium project of Supalai Elite Sathorn - Suan Plu.

## 2013

- TRIS Rating has affirmed the company rating of Supalai Plc. at “A-”. At the same time, TRIS Rating has revised the rating outlook of the Company to “positive” from “stable”. The “positive” outlook reflects an expected improvement in the company’s operating performance over the next few years upon the delivery of condominium units, which have been secured by its huge backlog.
- 15 projects were launched comprising of 8 projects of single detached houses and townhomes and 7 condominium projects, they are (1) the single detached house project of Supalai Ville Onnut - Suanluang (2) the single detached house project of Supalai Ville Ringroad - Rama 2 (3) the townhome project of Supalai Ville Theprasit 8 (4) the single detached house project of Supalai Moda (5) the single detached house project of Supalai Garden Ville Bangsaen (6) the single detached house project of Supalai Essence (7) the single detached house project of Supalai Park Ville Nittayo (8) the townhome project of Novo Ville Krungthep - Phathumthani (9) the condominium project of Supalai Mare (10) the condominium project of Supalai Vista Phuket (11) the condominium project of Supalai City Resort Phranungklaio - Chaophraya (12) the condominium project of Supalai City Resort Ratchayothin - Phaholyothin 32 (13) the condominium project of Supalai Vista Sriracha Tharua - Laemchabang (14) the condominium project of Supalai City Resort @ Rayong (15) the condominium project of Supalai Veranda Ratchavibha - Prachachuen.

## 2014

- TRIS Rating has upgraded the company rating and unsubordinated- unsecured debentures of Supalai Public Company Limited to "A" from "A-". The upgrading of the rank reflects the better results of operations of the Company as expected with growing revenue base. The rating has also been done by taking into consideration the performance of the Company which has been recognized in the real estate development market in Thailand with the product brand recognized in the moderate-priced housing market, while the Company has strong financial position.
- 28 projects were launched comprising of 19 projects of single detached houses and townhomes and 9 condominium projects, they are (1) the single detached house, duplex house and townhomes project of Supalai Bella Outer Ring Road - Rama II (2) the single detached house, duplex house and townhomes project of Supalai Bella Outer Ring Road Pinklao - Rama V (3) duplex house project of Supalai Ville Outer Ring Road Pinklao - Nakhonin (4) the single detached house project of Supalai Garden Ville Srinakarin - Bangna (5) the single detached house project of Supalai Garden Ville Krungthepkritha - Motorway (6) the townhome project of Supalai Novo Ville Lamlukka Klong 2 (7) the single detached house and duplex house project of Supalai Ville Outer Ring - Lumlukka Klong 5 (8) the townhome project of Supalai Novo Ville Outer Ring - Bangyai (9) the single detached house and duplex house project of Supalai Ville Outer Ring - Bangyai (10) the single detached house and duplex house project of Supalai Ville Bangkok - Pathumthani (11) duplex house and townhomes project of Supalai Ville Rangsit Klong 2 (12) the single detached house duplex house and townhomes project of Supalai Bella Rangsit Klong 2 (13) the single detached house project of Supalai Garden Ville Outer Ring Road - San Kam Phaeng Chiangmai (14) the single house project of Supalai Moda Ubonratchathani (15) the single detached house, duplex house Ville project of Supalai Ubonratchathani (16) the single detached house project of Supalai Park Ville Rayong (17) the single detached house project of Supalai Garden Ville Udonthani (18) the single detached house, duplex house and townhomes project of Supalai Ville Mitrapharp - Bannchan (19) the single detached house and townhomes project of Supalai Ville Phuket (20) the single detached house, duplex house

and townhomes project of Supalai Lagoon Phuket (21) the condominium project of Supalai City Resort Bearing Station (Sukhumvit 105) (22) the condominium project of Supalai Vista @ Pak – Kred Intersection (23) the condominium project of Supalai Elite @ Phaya Thai (24) the condominium project of Supalai Wellington II (25) the condominium project of Supalai Veranda Rattanathibeth (26) the condominium project of Supalai Cute Ratchayothin - Phaholyothin 34 (27) the condominium project of Supalai Loft Chaeng Watthana (28) the condominium project of Supalai Monte II Chiangmai.

## 2015

- ◎ TRIS Rating affirms the company rating and the current senior unsecured debenture ratings of Supalai Plc. at “A”. The ratings reflect SPAL’s proven track record in the residential property development industry in Thailand, well - known brand name in the middle - income segment, and strong financial position.
- ◎ 18 projects were launched comprising of 11 projects of single detached houses, duplex house and townhome and 7 condominium projects, they are (1) the single detached house and duplex house project of Supalai Ville Chonburi (2) the single detached house, duplex house and townhome project of Supalai Pride Bangna - Ring Road (3) the townhome project of Supalai Bella Kingkaeo - Srinakarin (4) the single detached house project of Supalai Prima Villa Phutthamonthon Sai 3 (5) the single detached house project of Supalai Prima Villa Phaholyothin 50 (6) the townhome project of Supalai Primo Nakorn In - Rama 5 (7) the single detached house, duplex house and townhome project of Supalai Bella Outer Ring - Lamlukka Klong 4 (8) the single detached and duplex house project of Supalai Garden Ville Prachauthit - Suksawat (9) the townhome project of Supalai Novo Ville Suranaree (10) the single detached house, duplex house and townhome project of Supalai Ville Chotana - Ruamchoke (11) the single detached house, duplex house and townhome project of Supalai Ville Surathani (12) the condominium project of Supalai City Resort Chaeng Watthana (13) the condominium project of Supalai Elite @ Surawong (14) the condominium project of Supalai Loft @ Talat Phlu Station (15) the condominium project of Supalai Lite @ Ratchada - Narathivas - Sathorn (16) the condominium project of Supalai Loft @ Khaerai Station (17) the condominium project of Supalai Riva Grande (18) the condominium project of Supalai Lagoon Condo.

## 2017

- ◎ TRIS Rating affirmed the company rating credit and unsubordinated debentures of Supalai Plc. at “A” level and outlook at “Stable”. The credit rating reflects the Company’s proven track record in the residential property market in Thailand as well as being the brand that is well known in the mid-priced housing market, and the strong financial position of the Company.
- ◎ 20 project were launched comprising of 15 project of detached houses, duplex houses, townhomes, and 5 Projects of condominiums. They are (1) Supalai Prime Bangna-Lardkrabang Project of single detached houses, duplex houses and townhomes (2) Supalai Park Ville Pinklao-Kanchanapisek Project of single detached houses (3) Supalai Bella Ring Road - Lumlukka Klong 6 Project of single detached houses, duplex houses and townhomes (4) Supalai Bella Bangkok-Pathumthani Project of townhomes (5) Supalai Koh Kaew Phuket Project of single detached houses, duplex houses and townhomes (6) Supalai Premo Kooku Phuet Project of single detached houses, duplex houses and townhomes (7) Supalai Parkville Nakhon Si Thammarat Project of detached houses (8) Supalai Primo Nakhon Si Thammarat Project of duplex houses



and townhomes (9) Palm Springs Prime Project of single detached houses and townhomes (10) Supalai Palm Spring 12 Project of duplex houses and townhomes (11) Supalai Primo Mahidol Project of townhomes (Chiang Mai) (12) Novo Ville Udonthani Project of duplex houses and townhomes (13) Supalai Primo Ubon Rachathani Project of single detached houses, duplex houses and townhomes (14) Supalai Bella Nakhonratchasima Project of single detached houses, duplex houses and townhomes (15) Supalai Bella Rayong Project of single detached houses, duplex houses and townhomes (16) Supalai Oriental Sukhumvit 39 Condominium Project (17) Supalai Veranda Phasi Charoen Station Condominium Project (18) Supalai Loft Yeak Fai Chai Station Condominium Project (19) Supalai Park Talat Phlu Station Condominium Project (20) Supalai Premier Charoen Nakhon Condominium Project

## 2018

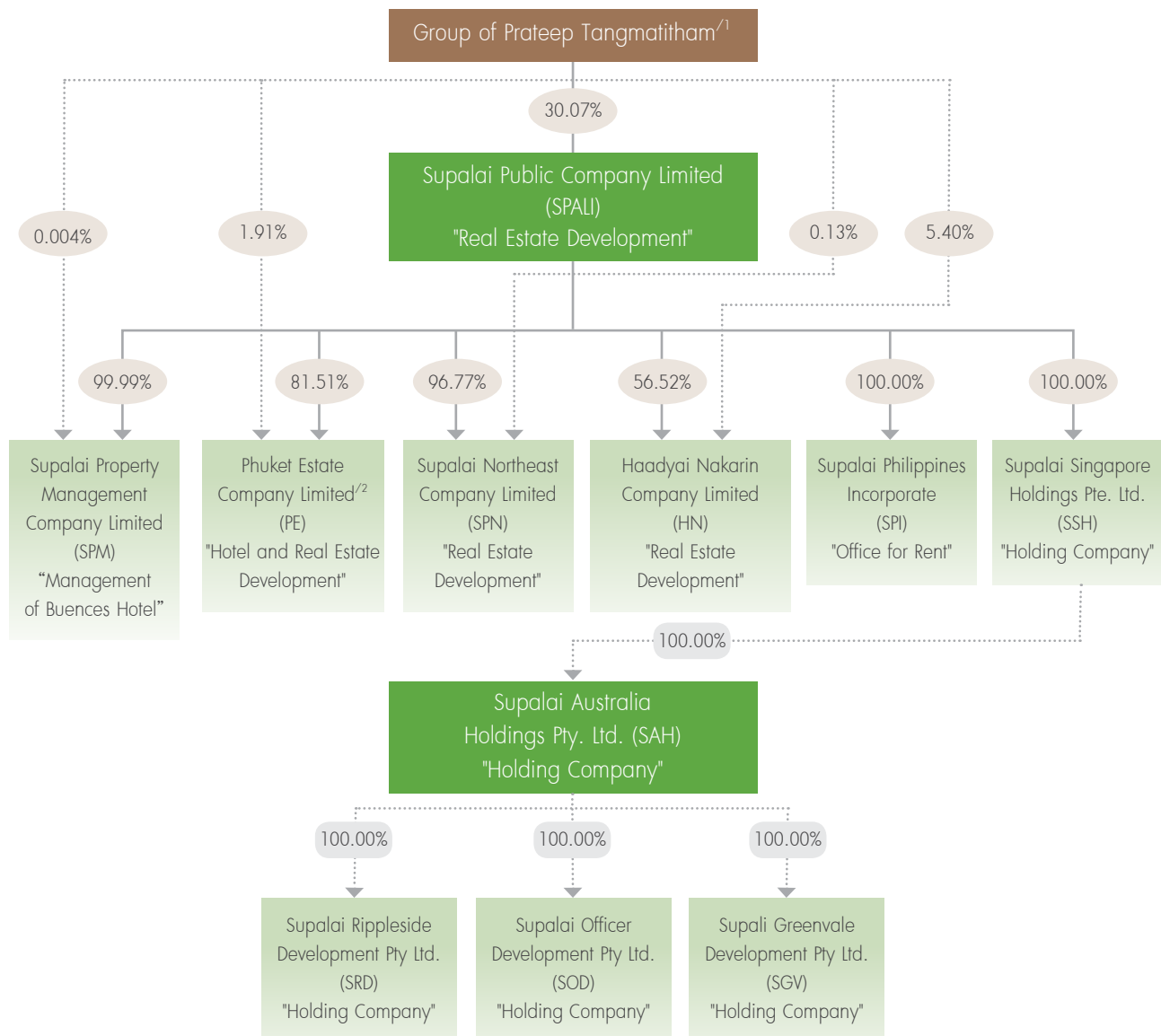
- ◉ TRIS Rating affirmed the company rating credit and unsubordinated debentures of Supalai Public Company Limited at "A" level and Outlook at "Stable". The ratings reflect SPAL's solid competitive position, well-balanced residential property portfolio, and strong financial position. The company has high profit margins and moderate gearing. A recent capital increase strengthened its capital structure.
- ◉ 25 projects were launched comprising of 22 project of single detached houses, duplex houses, townhomes, and 3 projects of condominiums. They are (1) Supalai Primo Srisuthon Phuket project of townhomes (2) Supalai Bella Thalang Phuket project of single detached houses, duplex houses, and townhomes (3) Supalai Parkville Maekorn Chiangrai project of single detached houses and duplex houses (4) Supalai Primo Bangsaen project of single detached houses, duplex houses, and townhomes (5) Supalai Gardenville Chonburi project of single detached houses (6) Supalai Ville Sriracha Suansua project of single detached houses, duplex houses, and townhomes (7) Supalai Primo Pataya project of duplex houses and townhomes (8) Supalai Essence Ladprao project of 3 storey single detached houses, 3 storey duplex houses and 3 storey townhomes (9) Supalai Bella Outer Ringroad-Ramintra project of single detached houses, duplex houses, and townhomes (10) Supalai Bella Theparak project of duplex houses and townhomes (11) Supalai Novo Ville Phaholyothi-Lamlukka project of townhomes (12) Supalai Bella Wongwaen - Lamlukka klong 3 project of single detached houses and duplex houses (13) Supalai Primo Chaiyapruet Bangbuathong project of single detached houses and duplex houses (14) Supalai Pride Prachauthit project of single detached houses (15) Supalai Essence Suanluang project of 3 storey single detached houses and 3 storey duplex houses (16) Supalai Ville Ramintra 117 project of single detached houses and duplex houses (17) Supalai Prima Vliia Rama2 Bangkhuntien project of single detached houses (18) Supalai Primo Kanjanaphisek Chaiyapruet project of single detached houses and townhomes (19) Supalai Novo Ville Phuthasakhon project of townhomes (20) Supalai Garden ville Nakhonratchasima project of single detached houses (21) Supalai River Ville Rayong project of single detached houses (22) Supalai Gardenville Baanpru Haadyai project of single detached houses (23) Supalai Veranda Sukhumvit 117 project of condominium (24) Supalai Veranda Ramkhamhaeng project of condominium (25) Supalai Loft Prajadhikok - Wongwienyai project of condominium

## Overview of business operations of the Company and its subsidiaries

Supalai Public Company Limited and its subsidiaries (group of companies) operate real estate development projects for living and commercial purposes. Our projects are conceptualized with the idea of a quality living place for quality community of **"Supalai residents"**. We always develop our housing models with carefully selected materials that meet our ideal standards. Our pre and post delivery services are diligently supervised to foster a safe and friendly community

for our clients' utmost satisfaction. The Company and our subsidiaries operate and own the following housing projects: single detached houses, duplex houses, townhomes and condominiums in a variety of areas throughout Bangkok and metropolis including other provinces. This is to respond to the need of the market and our many customers who have different preferences and goals, and are primarily those who are middle to high income earners. Our priority is to focus on the completion of our current housing projects and deliver them by deadlines to create the brand awareness of "Supalai." This name will be used as a leading name for every project, followed by specific name of each project to fit in with different project formats and the target market. Moreover, the Company is also the developer of offices for rent in the commercial districts, while the subsidiaries operates real estate project management as well as the management of hotels and resorts. Currently, the Company and its subsidiaries have grown to become one of the leading companies in real estate business.

## Chart Indicating Shareholding Structure of the Group of Companies as at 31 December 2018



<sup>/1</sup> The shares are held by Mr. Prateep Tangmatitham and the persons pursuant to Section 258 of the Securities and Exchange Act B.E. 2535 (1992).

<sup>/2</sup> Mr. Prateep Tangmatitham and Mr. Chuan Tangmatitham who is Mr. Prateep Tangmatitham's elder brother and Mrs. Anchan Tangmatitham, Mr. Chuan Tangmatitham's wife hold shares in an aggregate number of 5.06% of the paid-up capital. The other shareholders are natural persons who are not related to the group of Mr. Prateep Tangmatitham.

<sup>/3</sup> The other shareholders comprise the group of Mr. Chuan Tangmatitham who is Mr. Prateep Tangmatitham's elder brother, which holds 4.65% shares, and juristic persons and natural persons who are not related to the group of Mr. Prateep Tangmatitham.

## The Company has a total number of 10 subsidiaries and associated companies which operate real estate business as follows:

### (1) Supalai Property Management Co., Ltd. (“SPM”)

The Company holds shares of this company at the rate of 99.91% of the registered capital of 25 million baht. It operates the management business of hotels, restaurants, resorts and real estate projects. At present, it is managing Supalai Pasak Resort & Spa Hotel.

During 2017, Supalai Public Company Limited purchased shares held in SPM by existing shareholders, resulting in the proportion of its shareholding increased to 99.99%.

### (2) Haadyai Nakarin Co., Ltd. (“HN”)

HN was established in 1988 by a group of real estate businessmen in Songkhla Province with the group of Mr. Prateep Tangmatitham, the group of Mr. Chuan Tangmatitham and M.K. Real Estate Development Plc. holding shares at the rate of 5.40%, 4.65% and 6.03% respectively. Subsequently, in 1996, the Company, seeing the potential of real estate development in Songkhla Province and wishing to expand its investment in the provincial areas, had increased its investment ratio in HN to 49.89% of the registered capital of 191.50 million baht. Currently, it is developing the ASEAN Trade Center project, a complete range business center, 2 middle level condominium project and 8 housing projects.

During the year 2015, Supalai Public Company Limited has acquired more shares from M.K. Real Estate Development Plc. which was partly held by HN. The Company, therefore, hold more shares at 55.92%, and in 2017, Supalai Public Company Limited had purchased additional shares from small shareholders of HN, resulting in the proportion of its shareholding increased to 56.52%.

### (3) Supalai Northeast Co., Ltd. (“SPN”)

The Company’s shareholding proportion in this company is 98.77% of the registered capital of 335.45 million baht. It operates the real estate business in the northeast of Thailand and currently carrying out 6 housing projects in Khon Kaen Province.

### (4) Phuket Estate Co., Ltd. (“PE”)

PE was established in 1989 in order to purchase the land in Phuket. Subsequently, in 2001, SPM which is a subsidiary of the Company has invested in PE to build hotels and resorts in Phuket Province as it saw the potential of hotels in Phuket. Since the development of hotels in Phuket needed very high amount of investment and SPM did not have sufficient capital. SPM, therefore, sold all of its shares to the Company. On 24 March 2010, the 2010 Annual General Meeting of the Shareholders of Phuket Estate Company Limited approved an increase of that its registered share capital from 153.6 million baht to 307.3 million baht. The Company invested a total of 143.7 million baht. As a result the percentage shareholding of the Company increased to 81.51 % PE is currently engaging in the development of resorts for long term lease and manage hotels in Phuket Province.

### (5) Supalai Philippines Incorporate (“SPI”)

During the year 2013, the Company invested in 599,999,972 ordinary shares, 100% of Supalai Philippines Incorporate which is incorporated in Philippines. The Company is principally engaged in office rental business.

#### **(6) Supalai Singapore Holdings Pte. Ltd. (“SSH”)**

During the year 2014-2018, the Company invested in 80,647,482 ordinary shares, or 100% of Supalai Singapore Holding Pte. Ltd. which has been incorporated in Singapore as part of foreign investment scheme.

#### **(7) Supalai Australia Holdings Pty. Ltd. (“SAH”)**

During 2014-2018, Supalai Singapore Holdings Pte. Ltd., a subsidiary of the Company invested in 40,840,100 ordinary shares, or 100% of Supalai Australia Holdings Pty. Ltd., a company incorporated in Australia, as part of investment scheme in various companies in Australia.

#### **(8) Supalai Rippleside Development Pty. Ltd. (“SRD”)**

During 2014-2018, Supalai Australia Holdings Pty. Ltd., invested in 8,750,100 ordinary shares, or 100% of Supalai Rippleside Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

#### **(9) Supalai Officer Development Pty. Ltd. (“SOD”)**

During 2014-2018, Supalai Australia Holdings Pty. Ltd., invested in 4,500,100 ordinary shares, or 100% of Supalai Officer Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

#### **(10) Supalai Greenvale Development Pty. Ltd. (“SGV”)**

During 2015-2018, Supalai Australia Holdings Pty. Ltd., invested in 9,087,600 ordinary shares, or 100% of Supalai Greenvale Development Pty. Ltd., a company incorporated in Australia as part of investment scheme in various companies in Australia.

### **Strength in Business Operations**

- Having experiences in real estate development more than 30 years, therefore are being able to develop quality products to meet the demand of the customers at competitive cost in the market.
- Having locations of the projects in potential areas of all directions of Bangkok Metropolitan as well as provinces with a variety of products, such as commercial buildings, townhomes, houses and condominium. The purpose is to expand the selling opportunity and distribute investment risks.
- Having developed the quality of products and services on a continual basis to satisfy the changing demand of customers until the Company has finally become a leader in developing energy-saving houses and buildings which are trusted by customers.
- Having standardized work system in the layout, design, construction and using standardized materials. The Company also focuses on after-sale-services after completion of the project by supervising and developing a safe and friendly community for the customers' utmost satisfaction until it has received international recognition system ISO 9001:2008, which covers a complete range of quality control throughout the production process up to the delivery to ensure customers' confidence. As a result, delivery can be made on an expedite basis.

- Management of risks efficiently in order to be able to sell, develop, construct and deliver the ownership quickly. It also has conducted researches to find out customers' demand and evaluated the potential of the plot of land to be developed before considering the increase of investment in existing or future projects. The projects of the Company would not be too big in order to reduce risk due to the change of market demand and to limit the investment budget in the projects so as to shorten the project's selling period.

## Business Operational Objectives

The Company attaches importance to providing benefits to all groups of stakeholders on a long-term basis for the Company's sustainable growth as follows:

1. Creating utmost satisfaction to shareholders with continual appropriate returns.
2. Creating the environment and happy workplace for the employees and focusing on continual development of human resources for higher potential and efficiency in working in order to develop leading services in real estate business and enable the Company to achieve its goals and success.
3. Establishing business alliances with trading partners and contractors by adhering to honesty and business ethics.
4. Creating excellence in goods and services to satisfy demand of customers at all levels both inside and outside the country by focusing on quality housing development projects on a continual basis in suitable locations with high potential to meet the demand of target group of customers; placing importance on the plan layout, design, construction, excellent sales and services by significantly taking into account the customers' benefits and demands.
5. Prevention of potential or possible impact on the communities, the society and the environment under the concept of **"Supalai...we care for Thai society"** by providing good returns to the communities and the society as a whole, such as conducting studies and research as well as designing energy conservation houses; developing social environment and the areas of all the projects developed by the Company and providing support for activities of the institutions or charitable foundations so as to contribute to the society.

## Characteristics of Products or Services

Supalai Public Company Limited and its subsidiaries operate real estate business and related business. The products of each category are as follows:

### n. Residential Projects

#### 1) Land and House Development Business

The Company operates the business of land and house development for selling. It comprises housing projects on a horizontal characteristics in the category of single detached houses, duplex houses and townhomes, while simultaneously developing the infrastructure and utilities in the projects. The Company's policy is to sell the land and the house in the form of ready-made houses and houses made to order. Most of the time, the Company sells the houses which are almost completed in order for the customers to see the houses during the construction and be confident that the houses would be completed as scheduled. The projects of the group of companies are located in the areas around the outer ring roads of Bangkok Metropolitan or near the existing or future mass transit systems, and also in the provincial areas which are business centers or tourist destinations. This is because they are new locations with high potential where housing is very much in demand. All projects of the group of companies are under the concept of "Supalai...we care for Thai society." There are many types of houses with different and beautiful designs in modern classic style, which are comfortable, energy-saving



and cost-effective. At present, different names of the projects are given by the Company according to specific characteristics of the projects, the products and target groups of customers. This is to satisfy different demands of different groups of customers. Different types of business of the group of companies are as follows:

### Supalai Prima Villa



Product Type : Single Detached House  
 Price Range : 7.0 - 16.0 Million Baht  
 Target Customers : Upper high income group, age over 40 years old,  
 income 150,000 baht/family/month

### Supalai Essence



Product Type : 3-Storey Single Detached House, 3-Storey modern Style Duplex House  
 Price Range : 7.0 - 14.0 Million Baht  
 Target Customers : Upper high - income group, age over 35 years old,  
 income 150,000 baht/family/month

### Supalai Park Ville



Product Type : Single Detached House  
 Price Range : 4.0 - 7.0 Million Baht  
 Target Customers : Upper medium income group, age over 30 years old,  
 income 70,000 baht/family/month

### Supalai Garden Ville



Product Type : Single Detached House and Duplex House  
 Price Range : 3.7 - 6.2 Million Baht  
 Target Customers : Upper medium income group, age over 30 years old,  
 income 70,000 baht/family/month

### Supalai Ville



Product Type : Single Detached House, Duplex House and Townhome  
 Price Range : 1.8 - 5.5 Million Baht  
 Target Customers : Upper medium income group, age over 24 years old,  
 income 35,000 baht/family/month

### Supalai Primo



Product Type : Townhome  
 Price Range : 1.99 - 5.0 Million Baht  
 Target Customers : Upper medium income group, age over 25 years old,  
 income 40,000 baht/family/month

### Supalai Pride



Product Type : Single, Duplex House and Townhome Detached House  
Price Range : 2.4 - 6.0 Million Baht  
Target Customers : Upper medium income group, age over 25 years old, income 50,000 baht/family/month

### Supalai Bella



Product Type : Townhome, Duplex House and Single Detached House  
Price Range : 1.8 - 5.6 Million Baht  
Target Customers : Upper medium income group, age over 25 years old, income 30,000 baht/family/month

### Novo Ville



Product Type : Townhome  
Price Range : 1.5 - 2.7 Million Baht  
Target Customers : Upper medium income group, age over 25 years old, income 25,000 baht/family/month

### Supalai Monte Biz



Product Type : Commercial building  
Price Range : 3.3 - 7.0 Million Baht  
Target Customers : Upper medium income group, age over 30 years old, income 50,000 baht/family/month

### Palm Spring



Product Type : Townhome, Duplex House and Single Detached House  
Price Range : 1.7 - 10.0 Million Baht  
Target Customers : Upper medium income group, age over 25 years old, income 30,000 baht/family/month

### Supalai Royal River



Product Type : Single Detached House  
Price Range : 2.2 - 6.7 Million Baht  
Target Customers : Upper medium income group, age over 30 years old, income 45,000 baht/family/month

### Supalai Essence



Product Type : Single Detached House and Commercial building  
Price Range : 4.1 - 7.9 Million Baht  
Target Customers : Upper medium income group, age over 30 years old, foreigners, income 80,000 baht/family/month

### Supalai Moda



Product Type : Single Detached House and Modern Style Duplex House  
Price Range : 3.7 - 5.9 Million Baht  
Target Customers : Upper medium income group, age over 30 years old, foreigners, income 50,000 baht/family/month

### Supalai Lagoon



Product Type : Single Detached House, Townhome Modern style  
Price Range : 2.5 - 10.6 Million Baht  
Target Customers : Upper medium income group, age over 25 years old, income 40,000 baht/family/month

## 2) Condominium Business

The Company operates the development of condominiums for selling which comprises project of high-rise residential buildings in the locations near public utility sources and mass communications including the area along the Chao Phraya River. The names of the condominium projects are given differently according to the specific formats of the products and the target groups of customers as follows:

### Supalai Oriental Sukhumvit 39



Product Type : Condominium  
Price Range : 5.5 - 59.0 Million Baht  
Target Customers : Upper medium income group, age over 35 years old, income 80,000 baht/family/month

### Supalai Riva Grande



Product Type : Condominium  
Price Range : 4.3 - 16.4 Million Baht  
Target Customers : Upper medium income group, age over 28 years old, income 80,000 baht/family/month

### Supalai Elite



Product Type : Condominium  
Price Range : 6.7 - 12.2 Million Baht  
Target Customers : Upper medium income group, age over 28 years old,  
income 100,000 baht/family/month

### Supalai Wellington



Product Type : Condominium  
Price Range : 2.8 - 20.0 Million Baht  
Target Customers : Upper medium income group, age over 28 years old,  
income 50,000 baht/family/month

### Supalai Lite



Product Type : Condominium  
Price Range : 3.5 - 4.8 Million Baht  
Target Customers : Upper medium income group, age over 28 years old,  
income 50,000 baht/family/month

### Supalai Veranda



Product Type : Condominium  
Price Range : 1.6 - 5.8 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 28,000 baht/family/month

### Supalai Loft



Product Type : Condominium  
Price Range : 1.8 - 15.9 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 30,000 baht/family/month

### Supalai Vista



Product Type : Condominium  
Price Range : 1.6 - 4.5 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 28,000 baht/family/month

### Supalai Park Ratchavipha



Product Type : Condominium  
Price Range : 1.6 - 5.7 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 28,000 baht/family/month

### Supalai Cute Ratchayothin - Phaholyothin 34



Product Type : Condominium  
Price Range : 2.0 - 3.0 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 30,000 baht/family/month

### Supalai City Resort



Product Type : Condominium  
Price Range : 1.6 - 5.0 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 28,000 baht/family/month

### Supalai Vista Phuket



Product Type : Condominium  
Price Range : 1.3 - 3.9 Million Baht  
Target Customers : Upper medium income group, age over 30 years old,  
income 30,000 baht/family/month

### Supalai Park @ Downtown Phuket



Product Type : Condominium  
Price Range : 2.4 Million Baht  
Target Customers : Upper medium income group, age over 30 years old,  
income 50,000 baht/family/month

### Supalai Park @ Phuket City



Product Type : Condominium  
Price Range : 1.4 - 3.6 Million Baht  
Target Customers : Upper medium income group, age over 30 years old,  
income 50,000 baht/family/month

### Supalai Monte @ Viang Chiang Mai



Product Type : Condominium  
Price Range : 1.78 - 4.6 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 25,000 baht/family/month

### Supalai Monte II



Product Type : Condominium  
Price Range : 1.9 - 4.6 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 25,000 baht/family/month

### Supalai Mare @ Pattaya



Product Type : Condominium  
Price Range : 1.4 - 4.9 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
income 25,000 baht/family/month

### Supalai Lagoon Condo



Product Type : Condominium  
Price Range : 1.0 - 2.4 Million Baht  
Target Customers : Upper medium income group, age over 24 years old,  
foreigners, income 18,000 baht/family/month

### City Resort Pasawang @ Phaetkaseam Hatyai



Product Type : Condominium  
Price Range : 1.4 - 4.4 Million Baht  
Target Customers : Upper medium income group, age over 25 years old,  
foreigners, income 25,000 baht/family/month

## B. Office Building Business

The Company operates office building in order to lease out office space to customers in high potential areas to be easily connected to central business districts with complete range of public utilities and communications. Currently, the Company has opened "Supalai Grand Tower", the office building on Rama 3 Road. It is a 33-floor building with 42,000 square meters of the space for rent and 1 car-park building. This office building has been designed in modern style of architectural shape of an oval that has suitable areas for use. It is an energy-saving building. The space for rent begins with the size of 118 - 1,000 square meters or more.



Supalai Philippines Inc., is Supalai's subsidiary operating the business of renting office buildings to customers. The office building is A-grade building of 45 floors with the parking space included and the total area is 67,590 square meters. Supalai Philippines Inc., owns 16 floors with the total area of approximately 20,000 square meters. This building was built in 1998 and the design was developed by world class architect company, namely, Skidmore, Owings & Merrill. In 1999-2000, this building was recorded as the tallest building in the Philippines.

Despite the fact that this building had been built for quite a long time, it has been well taken care of by the Building Management Department of Colliers and Petron Mega Plaza Condominium Association. The building has won the awards regarding building maintenance in the contests organized by many agencies.

In 2017, Supalai Philippines Inc., entered into the Selling Agreement of office building for rent in the amount of 1,620 million peso and recognized the profit from such sales in the amount of 669 million peso (457 million baht)

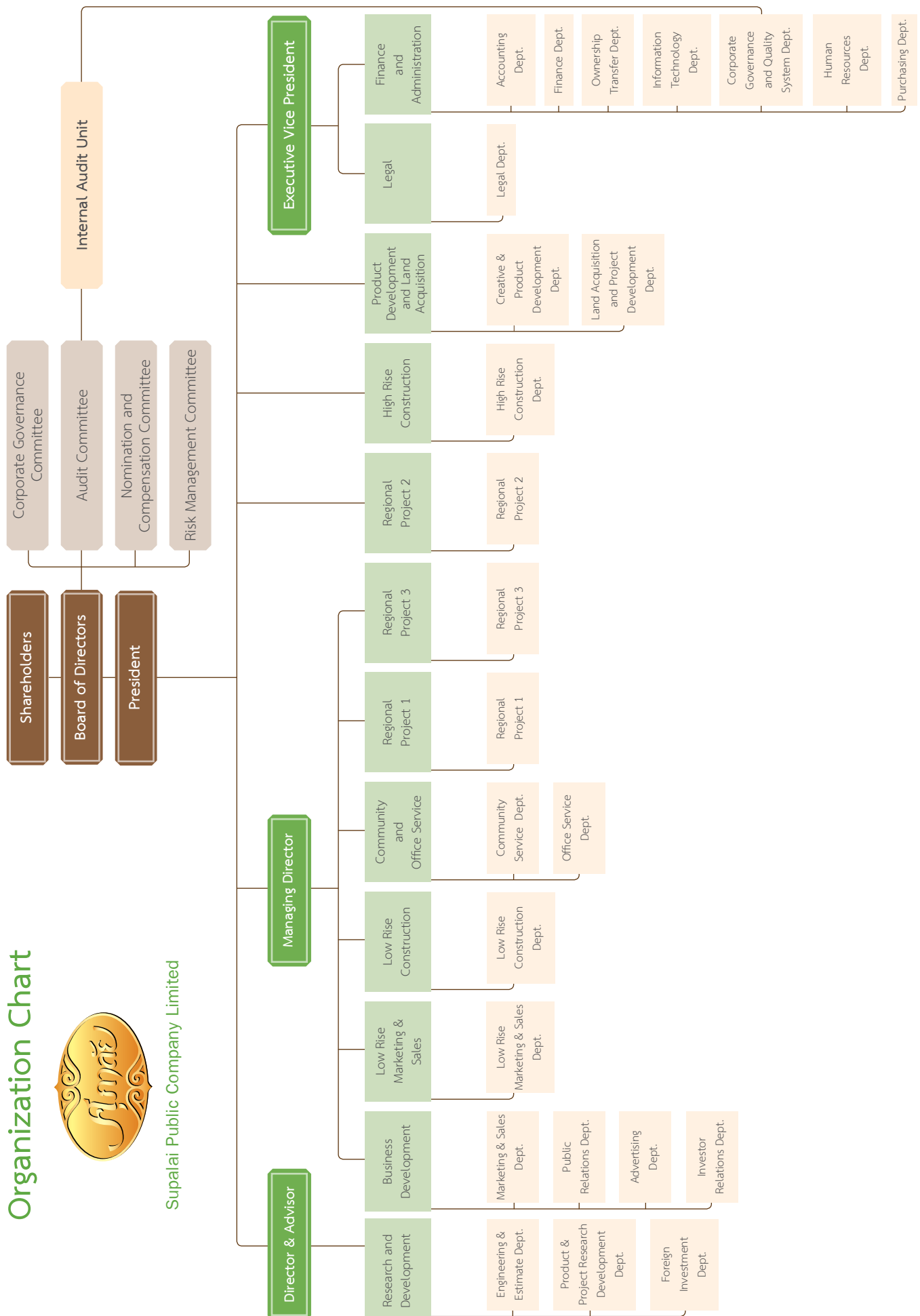
### **C. Hotel and Resort Business**

The group of companies operates hotel and resort business by focusing on the provincial areas with high potential. Currently, there are 2 places under its management, namely, "Supalai Pasak Resort & Spa" with 138 rooms in Saraburi Province near natural tourist destination not far from Bangkok. It is surrounded by shady trees, stream and mountains with modern facilities. The second place is "Supalai Resort & Spa Phuket" in Phuket Province. It is a 4-star hotel. It has 182 rooms in deluxe and pool side villa types with the target group of foreign customers.

# Organization Chart



Supalai Public Company Limited



# Management Team & Board Of Directors

According to the Company's management structure, there are 7 committees, namely ,the Board of Directors and the Advisor to the Board of Directors, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee, the Risk Management Committee, the Executive Committee and the Management Committee according to the list and scope of duties as follows:



## Board of Directors

1.	Dr.Prateep	Tangmatitham*	Chairman of the Board
2.	Mrs.Ajchara	Tangmatitham*	Director
3.	Mr.Tritecha	Tangmatitham*	Director
4.	Mr.Anant	Gatepithaya	Independent Director
5.	Assoc.Prof.Dr.Virach	Aphimeteetamrong	Independent Director
6.	Assoc.Prof.Dr.Somjai	Phagaphasvivat	Independent Director
7.	Assist.Prof.Aswin	Bijayayodhin	Independent Director
8.	Mr.Atip	Bijanonda	Director
9.	Mr.Prasas	Tangmatitam	Director
10.	Mr.Krid	Chancharoensuk*	Director

## Advisory of the Board

11.	Dr.Sahas	Bundiikul
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**Remark** \*These four directors are authorized to act on behalf of the company with any two joint signatory with Company's seal

## Company Secretary

Mrs.Varunee	Lapitananuvat
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## Audit Committee

- |                         |                |                                 |
|-------------------------|----------------|---------------------------------|
| 1. Mr.Anant             | Gatepithaya    | Chairman of the Audit Committee |
| 2. Assist.Prof.Aswin    | Bijayayodhin   | Director of the Audit Committee |
| 3. Assoc.Prof.Dr.Somjai | Phagaphasvivat | Director of the Audit Committee |

## Secretary

Ms.Toophong	Hirunyanulak
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## Nomination and Compensation Committee

- |                         |                  |   |
|-------------------------|------------------|---|
| 1. Assoc.Prof.Dr.Virach | Aphimeteetamrong | Chairman of the Nomination and Compensation Committee |
| 2. Assoc.Prof.Dr.Somjai | Phagaphasvivat   | Director of the Nomination and Compensation Committee |
| 3. Mrs.Ajchara          | Tangmatitham     | Director of the Nomination and Compensation Committee |

## Secretary

Mrs.Varunee	Lapitananuvat
-------------	---------------



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3

## Corporate Governance Committee

- |                         |                |  |
|-------------------------|----------------|--|
| 1. Assoc.Prof.Dr.Somjai | Phagaphasvivat | Chairman of the Corporate Governance Committee |
| 2. Mr.Prasas            | Tangmatitam    | Director of the Corporate Governance Committee |
| 3. Mr.Atip              | Bijanonda      | Director of the Corporate Governance Committee |
| 4. Mr.Tritecha          | Tangmatitham   | Director of the Corporate Governance Committee |

## Secretary

Ms.Toophong	Hirunyanulak
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4





## Risk Management Committee

1. Mr.Atip	Bijanonda	Chairman of the Risk Management Committee
2. Mr.Anant	Gatepithaya	Director of the Risk Management Committee
3. Mr.Tritecha	Tangmatitham	Director of the Risk Management Committee
4. Mrs.Varunee	Lapitananuvat	Director of the Risk Management Committee
5. Mr.Punnapan	Nengpetch	Director of the Risk Management Committee
6. Mr.Kittipong	Sirilugtrakun	Director of the Risk Management Committee
7. Mr.Boonchai	Chaiananbovorn	Director of the Risk Management Committee
8. Ms.Tanwarat	Punyaratana	Director of the Risk Management Committee
9. Mrs.Suchawadee	Suppha-asa	Director of the Risk Management Committee
10. Mr.Krid	Chancharoensuk	Director of the Risk Management Committee

## Secretary

Ms.Toopthong	Hirunyanulak
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## Executive Committee

- |                |              |                          |
|----------------|--------------|--------------------------|
| 1. Dr.Prateep  | Tangmatitham | Chief Executive Officer  |
| 2. Mrs.Ajchara | Tangmatitham | Executive Vice President |
| 3. Mr.Tritecha | Tangmatitham | Managing Director        |



## Management Committee

- |                   |                |  |
|-------------------|----------------|--|
| 1. Dr.Prateep     | Tangmatitham   | Chief Executive Officer                                      |
| 2. Mrs.Ajchara    | Tangmatitham   | Executive Vice President                                     |
| 3. Mr.Tritecha    | Tangmatitham   | Managing Director  |
| 4. Mrs.Varunee    | Lapitananuvat  | Deputy Managing Director                                     |
| 5. Mr.Punnapan    | Nengpetch      | Deputy Managing Director                                     |
| 6. Mr.Kittipong   | Sirilugtrakun  | Senior Assistant Managing Director of High Rise Construction |
| 7. Mr.Boonchai    | Chaiananbovorn | Assistant Managing Director of Regional Project 2            |
| 8. Ms.Tanwarat    | Punyaratana    | Assistant Managing Director                                  |
| 9. Mrs.Suchawadee | Suppha-asa     | Senior Director of Administration                            |
| 10. Mr.Krid       | Chancharoensuk | Director of Legal  |



## Board Of Directors

### Dr.Prateep Tangmatitham

Age 70 years

Chairman of the Board, Chief Executive Officer

**Date of Appointment** 26 June 1989

**Length of Service (as at 23 April 2019)**

29 years 10 months

#### Education

- Hons. PH.D.Sc. (Innovative Real Estate Development)  
Thammasat University
- M.Arch. (Hons.) (Housing)  
University of Illinois at Urbana-Champaign USA
- B.Arch. (Hons.) Chulalongkorn University

#### Training

- The Job of the CEO-IMD (Institute for Management Development)
- Capital Market Academy, Class 7
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 16
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute, Class 9
- Urban Green Development Institute Bangkok, Class 1
- Thai Institute of Directors :
  - Course Seminar Anti-Corruption : Thailand's 3<sup>rd</sup> National Conference on Collective Action Against Corruption Class 2/2012
  - RCP : The Role of Chairman Program Class 9/2003
  - DCP : Director Certification Program Class 17/2002

#### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 1989 – Present Chairman of the Board, Chief Executive Officer of Supalai Public Company Limited
- **Directorship(s) in Related Company(ies)**
  - 2015 – Present Chairman of Supalai Greenvale Development PTY.LTD
  - 2014 – Present Chairman of Supalai Officer Development PTY.LTD
  - 2014 – Present Chairman of Supalai Rippleside Development PTY.LTD
  - 2014 – Present Chairman of Supalai Australia Holdings PTY.LTD
  - 2014 – Present Chairman of Supalai Singapore Holdings PTE.LTD



- 2013 – Present Chairman of Supalai Philippines Incorporated
- 1993 – Present Chairman of Supalai Property Management Company Limited
- 1993 – Present Chairman of Supalai Northeast Company Limited
- 1989 – Present President of Haadyai Nakarin Company Limited
- 1989 – Present Director of Phuket Estate Company Limited
- **Directorship(s) in Other Company(ies)**
  - 1988 – Present Director of Munkong Estate Company Limited
- **Directorship(s) in Others**
  - 2016 – Present Honorary President of University of Illinois Alumni Association Thailand Chapter
  - 2015 – Present Vice President of TEO AUN Association of Thailand
  - 2000 – Present Honorary President of Thai Condominium Association

#### Former Last 5 Years

-None-

#### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally 517,084,555 shares, 24.13%
- Held by spouse or minor children 112,735,250 shares, 5.26%

#### Family Relationship Among Directors and Executives

- Ms.Ajchara Tangmatitham's husband and is a father of Mr.Tritecha Tangmatitham and is an older brother of Mr.Prasas Tangmatitiam

#### Illegal Record in the Last 10 years

-None-

#### Number of Meetings Attended / Total

The Board of Directors 13/13

## Mrs. Ajchara Tangmatitham

Royal Thai Orders And Decorations :

Companion (Fourth Class) of the Most Admirable Order of Direkgunabhorn

Age 70 years

Director of the Board, Executive Vice President,

Director of the Nomination and Compensation Committee

**Date of Appointment** 26 June 1989

**Length of Service (as at 23 April 2019)**

29 years 10 months

### Education

- M.S. Finance at University of Illinois at Urbana-Champaign USA
- B.A. Accountancy (Hons.) Thammasat University
- Certified Public Accountant (Thailand)

### Training

- Thai Institute of Directors :
  - DCP : Director Certification Program Class 30/2003
  - CSP : Company Secretary Program Class 1/2002

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 1989 – Present Director of the Board, Executive Vice President, Director of the Nomination and Compensation Committee of Supalai Public Company Limited
- **Directorship(s) in Related Company(ies)**
  - 1993 – Present Director of Supalai Property Management Company Limited
  - 1993 – Present Director of Supalai Northeast Company Limited
  - 1989 – Present Director of Haadyai Nakarin Company Limited
  - 1989 – Present Director of Phuket Estate Company Limited
- **Directorship(s) in Other Company(ies)**
  - 1988 – Present Director of Munkong Estate Company Limited
  - 2017 – Present Associate judge of Central Juvenile and Family Court



### Former Last 5 Years

-None-

### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally 112,735,250 shares, 5.26%
- Held by spouse or minor children 517,084,555 shares, 24.13%

### Family Relationship among Directors and Executives

- Dr. Prateep Tangmatitham's wife and is a mother of Mr. Trithecha Tangmatitham

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Nomination and Compensation Committee 2/2

## Mr. Tritеча Tangmatitham

Age 40 years

Managing Director, Director of the Board,  
Director of the Corporate Governance Committee,  
Director of the Risk Management Committee

**Date of Appointment** 21 April 2009

**Length of Service (as at 23 April 2019)**

10 years

### Education

- Master of Business Administration at Sasin Graduate Institute of Business Administration, Chulalongkorn University, Majoring in Marketing and Strategic Management
- Bachelor of Commerce at the University of Melbourne, Majoring in Marketing Economics

### Training

- Thai Institute of Directors
  - DCP : Director Certification Program Class 120/2009

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2009 – Present Managing Director, Director of the Board, Director of the Corporate Governance Committee, Director of the Risk Management Committee of Supalai Public Company Limited.
- **Directorship(s) in Related Company(ies)**
  - 2007 – Present Director of Supalai Northeast Company Limited
- **Directorship(s) in Other Company(ies)**
  - 2009 – Present Director of Housing Business Association

### Former Last 5 Years

-None-



### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally 1,840,000 shares, 0.09%
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

- Son of Dr. Prateep Tangmatitham and Ms. Ajchara Tangmatitham.

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Corporate Governance Committee 1/1
- The Risk Management Committee 2/2

## Mr. Anant Gatepithaya

Age 67 years

Independent Director, Chairman of the Audit Committee,  
Director of the Risk Management Committee

**Date of Appointment :** 22 January 2001

**Length of Service (as at 23 April 2019)**

18 years 3 months

### Education

- M.M. (Management) Sasin Graduate Institute of Business Administration Chulalongkorn University
- M.B.A. (Management) Commerce Faculty of Commerce and Accountancy Thammasat University
- BA (Statistics) Commerce Faculty of Commerce and Accountancy Chulalongkorn University

### Training

- Thai Institute of Directors :
  - Course Seminar : R-ACF : Audit Committee Forum "The Audit Committee's Role in Compliance and Ethical Culture Oversight" Class 1/2017
  - Course Seminar : M-DBT : IOD Breakfast Talk 2/2017 "Cybersecurity: Risks, Liabilities, and Best Practices" Class 2/2017
  - Course Seminar : NDC : National Director Conference 2017 Class 1/2017
  - Course Seminar : M-AGM : AGM 2017 & Dinner Talk "Board of directors and their roles in driving Thailand forward" Class 1/2017
  - Course Seminar : R-DF : Director Forum 2017 "The Board's Role in CEO Succession Planning" Class 1/2017
  - Course Seminar : M-DLB : IOD Director's Briefing 2/2017 : Directing in the Year of the Rooster: Hot Issues and Outlook for 2017 Class 2/2017
  - National Director Conference 2016 : Enhancing Growth Through Governance in Family-Controlled Businesses
  - RCL : Risk Management Program for Corporate Leaders Class 1/2015
  - Course Seminar : Director Forum 2/2015 : Building better board through effective Independent Director
  - Course Seminar C-Conference : "Thailand's 5<sup>th</sup> National Conference on Collective Action Against Corruption" Class 1/2014
  - AACP : Advanced Audit Committee Program Class 17/2014
  - RMP : Risk Management Committee Program Class 1/2013
  - Course Seminar : SE2 : "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?" Class 2/2013
  - Course Seminar SE3 : CNBC Summit: Myanmar Class 3/2013
  - Course Seminar : R-Forum : "Director Nomination Issues and Trend" Class 1/2013
  - Course Seminar : DTT : Personal Financial Planning Workshop for Directors Class 1/2013
  - Course Seminar : AGM : "Integrity Pact: Transparency Tool for Preventing Corruption" Class 1/2013
  - Course Seminar : NDC : The 2<sup>nd</sup> National Director Conference 2013 "Board Leadership Evolution" Class 1/2013
  - Course Seminar : DBT : "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" Class 1/2013



- HRP : How to Develop a Risk Management Class 2/2012
- QFR : Improving the Quality of Financial Reporting Class 1/2006
- DAP : Director Accreditation Program Class 7/2004
- ACP : Audit Committee Program Class 2/2004
- DCP : Director Certification Program Class 17/2002

### Present Position

- Directorship(s) in Listed Company(ies)
  - 2007 – Present Independent Director, Director of the Audit Committee of Raja Ferry Port Public Company Limited
  - 2004 – Present Independent Director, Director of the Audit Committee, Director of the Nomination and Compensation committee, Chairman of The Risk Management Committee of Fortune Parts Industry Public Company Limited
  - 2003 – Present independent Director, Chairman of the Audit Committee, Chairman of the Risk Management Committee, Director of the Nomination and Compensation committee of CMO Public Company Limited
  - 2001 – Present Independent Director, Chairman of the Audit Committee, Director of the Risk Management Committee of Supalai Public Company Limited
- Directorship(s) in Other Company(ies)
  - 2008 – Present Independent Director, Director of the Audit Committee of Zeer Property Public Company Limited
  - 2000 – Present Chairman of The Brilliant Solution Company Limited

### Former Last 5 Years

-None-

### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 12/13
- The Audit Committee 11/12
- The Risk Management Committee 2/2

## Assoc.Prof.Dr.Virach Aphimeteetamrong

Age 76 years

Independent Director, Chairman of the Nomination and Compensation Committee

**Date of Appointment** 5 October 1992

**Length of Service (as at 23 April 2019)**

26 years 6 months

### Education

- Ph.D (Finance) University of Illinois at Urbana - Champaign USA
- M.B.A. Gothenburg, Sweden
- M.A.S. University of Illinois at Urbana-Champaign (UIUC), USA
- Bachelor of Accounting (Second Class Honor), Chulalongkorn University

### Training

- Thai Institute of Directors :
  - Course Seminar R-CF : Chairman Forum 2015 "Chairman Role in Building Independence across the Board" Class 1/2015
  - CGI : Corporate Governance for Capital Market Intermediaries Class 5/2015
  - Course Seminar R-CF : Chairman Forum 2014 "Chairman Role in Building Independence across the Board" Class 1/2014
  - ACEP : Anti-Corruption for Executive Program Class 4/2012
  - Course Seminar R-SS: Special Seminar Class 1/2010
  - Course Seminar M-DLB: Director Luncheon Briefing Class 1/2009
  - Course Seminar M-AGM: Annual General Meeting Class 1/2009
  - DAP : Director Accreditation Program Class 2/2003

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2015 – Present Independent Director of Asia Plus Group Holdings Public Company Limited
  - 2013 – Present Independent Director of Thai Agro Energy Public Company Limited
  - 2006 – Present Chairman of Intouch Holdings Public Company Limited
  - 2006 – Present Independent Director of Bangkok Chain Hospital Public Company Limited
  - 1995 – Present Independent Director of Metro Systems Corporation Public Company Limited
  - 1992 – Present Independent Director and Chairman of the Nomination and Compensation Committee of Supalai Public Company Limited
- **Directorship(s) in Other Company(ies)**
  - 2004 – Present Independent Director of Asia Plus Securities Company Limited
  - 2003 – Present Independent Director of TRIS Corporation Limited
  - 1988 – Present Chairman of Dr.Virach and Associates Office Company Limited



### Former Last 5 Years

- **Directorship(s) in Other Company(ies)**
  - 1993 – 2017 Director of Supalai Property Management Company Limited

### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally 2,789,332 shares, 0.13%
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Nomination and Compensation Committee 2/2



## Assoc.Prof.Dr.Somjai Phagaphasvivat

Age 72 years

Independent Director, Director of the Audit Committee,  
Director of the Nomination and Compensation Committee,  
Chairman of the Corporate Governance Committee

**Date of Appointment** 13 October 2015

**Length of Service (as at 23 April 2019)**

3 years 6 months

### Education

- Doctorado de Estado, Facultad de Ciencia Politica, Universidad Complutense de Madrid, Spain
- Diplome d'Etudes Superieures, (Economic Integration), Universite de Nancy, France
- Licenciatura, Facultad de Ciencia Politica Economica, Universidad Complutense de Madrid, Spain
- Bachelor of Arts, Chulalongkorn University

### Training

- Thai Institute of Directors :
  - DAP : Director Accreditation Program class 34/2005

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2015 – Present Independent Director, Director of the Audit Committee, Director of the Nomination and Compensation Committee, Chairman of the Corporate Governance Committee of Supalai Public Company Limited
  - 2013 – Present Independent Director, Chairman of the Audit Committee of Amarin Printing and Publishing Public Company Limited
  - 2009 – Present Independent Director, Director of the Audit Committee of Thanachart Bank Public Company Limited
  - 2004 – Present Chairman of the Board of SEAFCO Public Company Limited
  - 1997 – Present Independent Director, Chairman of the Audit Committee of Lee Feed Mill Public Company Limited



### Former Last 5 Years

#### ● Directorship(s) in Others

- 1997 – 2016 Director and Chairman of the Audit Committee of Krungthep Thanakom Company Limited

### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 12/13
- The Audit Committee 1/1
- The Nomination and Compensation Committee 1/1
- The Corporate Governance Committee 1/1



## Assist.Prof.Aswin Bijayayodhin

Age 78 years

Independent Director, Director of the Audit Committee

**Date of Appointment :** 10 May 2011

**Length of Service (as at 23 April 2019)**

7 years 11 months

### Education

- Master of Architecture, University of Illinois, USA
- Bachelor of Architecture (Honor), Chulalongkorn University

### Training

- Thai Institute of Directors :
  - SFE : Successful Formulation & Execution of Strategy Class 29/2017
  - AACP : Advanced Audit Committee Program Class 24/2016
  - FSD : Financial Statements for Directors Classs 26/2014
  - ACP : Audit Committee Program Class 38/2012
  - DAP : Director Accreditation Program Class 91/2011

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2011 – Present Independent Director, Director of the Audit Committee of Supalai Public Company Limited
- **Directorship(s) in Other Company(ies)**
  - 2014 – Present Advisory of “Board of Trade of Thailand” on Real Estate Business Construction and Design
  - 2013 – Present Vice President of Alumni Association of Illinois University
  - 2012 – Present Honorary Advisor “Real Estate Broker Association”
  - 2009 – Present Advisor “The Committee of Property Valuation in Bangkok” Treasury Department
  - 2002 – Present Advisory Committee of “The Real Estate Business Development” Thammasat University
  - 2001 – Present Chairman Advisor of “The Thai Real Estate Business School (TREBS)”
  - 2000 – Present Lecturer for the Graduate Study of Chulalongkorn University, Thammasat University, Silpakorn University and The School of Real Estate Business
  - 2000 – Present Advisor of “The Association of Condominium”, “The Association of Housing Business”, “The Association of Real Estate Business”
  - 2000 – Present Lecturer for the Graduate Study on “Real Estate Management” (REM) Thammasat University
  - 1997 – Present Lecturer for the Higher Certificate Study on “Property Valuation” Thammasat University



### Former Last 5 Years

#### ● Directorship(s) in Others

- 2011 – 2015 Sub Committee of “The office of the National Broadcasting and Telecommunication”
- 2011 – 2014 Advisor of the “Board of Trade of Thailand” on Real Estate Business Development
- 2011 – 2014 Advisor “National Economic and Social Advisory Council” on Infrastructure, Communication and Energy
- 2011 – 2014 Advisor “The Committee of the New Parliament Construction” at Kiag Kay
- 2011 – 2013 Chairman of the Board of Determine Price Construction Building, The Valuers Association of Thailand

### Percentage of the Company’s Shareholding (Ordinary Shares) (as of 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Audit Committee 12/12

## Mr. Atip Bijanonda

Age 60 years

Director of the Board,

Director of the Corporate Governance Committee,

Chairman of the Risk Management Committee

**Date of Appointment :** 2 March 1992

**Length of Service (as at 23 April 2019)**

27 years

### Education

- M.B.A (International Business) Georgia State University, USA
- M.B.A (Finance) Mercer University, USA
- B.Acc. (Finance) Chulalongkorn University
- Graduate Degree of the National Defense College of Thailand 2009

### Training

- Certificate Course in Top Executive Program in Commerce and Trade (TEPCoT), Class 8
- TLCA - Leadership Development Program (LDP) Thai Listed Companies Association, Class 1
- Thai Institute of Directors :
  - BMT : Board Matters and Trends Class 5/2018
  - ACPG : Anti-Corruption the Practical Guide Class 37/2017
  - HRP : How to Develop a Risk Management Plan Class 12/2017
  - RCL : Risk Management Program for Corporate Leaders Class 6/2017
  - DAP : Director Accreditation Program Class 8/2004
  - DCP : Director Certification Program Class 24/2002

### Present Position

#### ● Directorship(s) in Listed Company(ies)

- 1992 – Present Director of the Board, Director of the Corporate Governance Committee, Chairman of the Risk Management Committee of Supalai Public Company Limited

#### ● Directorship(s) in Related Company(ies)

- 2015 – Present Director of Supalai Greenvale Development PTY.LTD
- 2014 – Present Director of Supalai Officer Development PTY.LTD
- 2014 – Present Director of Supalai Rippleside Development PTY.LTD
- 2014 – Present Director of Supalai Australia Holdings PTY.LTD
- 2014 – Present Director of Supalai Singapore Holdings PTE.LTD
- 2013 – Present Director of Supalai Philippines Incorporated



### Directorship(s) in Other Company(ies)

#### ● Present Position

- 2016 – Present Member of Physical Planning Reform Committee of National Reform Steering Assembly (NRSA)
- 2015 – Present Chairman of the Committee on Business of Real Estate Development of the Thai Chamber of Commerce
- 2015 – Present Vice President of Thai Listed Companies Association
- 2013 – Present President of Housing Business Association
- 2010 – Present Board of Director of Board of Trade of Thailand
- 2008 – Present Chairman of the Committee on Trade Associations Group of Real Estate Business Design and Construction, Board of Trade of Thailand
- 2004 – Present Honorary President of Thai Condominium Association
- 2004 – Present Board of Real Estate Information Center of the Government Housing Bank (GHB.)
- 1995 – Present Vice Chairman and Guest Lecturer Program of Modern Management in Real Estate Business Faculty of Architectural Chulalongkorn University (RE-CU)

### Former Last 5 Years

#### ● Directorship(s) in Listed Company(ies)

- 2010 – 2014 Managing Director of Supalai Public Company Limited

### Percentage of the Company's Shareholding (Ordinary Shares) (as of 31 December 2018)

- Held personally 6,667,675 shares, 0.31%
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Corporate Governance Committee 1/1
- The Risk Management Committee 2/2

## Mr. Prasas Tangmatitiam

Age 68 years

Director of the Board, Director of the Corporate Governance Committee

**Date of Appointment :** 25 April 2001

**Length of Service (as at 23 April 2019)**

18 years

### Education

- Master of Economics (English Program), Thammasat University
- Bachelor of Engineering, Major in Survey Engineering Chulalongkorn University

### Training

- Thai Institute of Directors :
  - SFE : Successful Formulation & Execution the Strategy Class 14/2012
  - DCP : Director Certification Program Class 36/2003
  - DCP Diploma : Directors Certification Program Diploma Class 11/2003
  - Course Seminar SE2 : "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?" Class 2/2013
  - Course Seminar DBT : "The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries" Class 1/2013

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2001 - Present Director, Director of the Corporate Governance Committee of Supalai Public Company Limited
- **Directorship(s) in Related Company(ies)**
  - 2015 - Present Director of Supalai Greenvale Development PTY.LTD
  - 2014 - Present Director of Supalai Officer Development PTY.LTD
  - 2014 - Present Director of Supalai Rippleside Development PTY.LTD
  - 2014 - Present Director of Supalai Australia Holdings PTY.LTD
  - 2014 - Present Director of Supalai Singapore Holdings PTE.LTD
  - 2013 - Present Director of Supalai Philippines Incorporated



### Former Last 5 Years

-None-

### Percentage of the Company's Shareholding (Ordinary Shares) (as of 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

- Younger brother of Dr. Prateep Tangmatitham

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Corporate Governance Committee 1/1

## Mr.Krid Chancharoensuk

Age 48 years

Director of the Board,

Director of the Risk Management Committee

**Date of Appointment :** 22 April 2014

**Length of Service (as at 23 April 2019)**

5 years

### Education

- Bachelor of Laws, Ramkhamhaeng University

### Training

- Thai Institute of Directors :
  - RCL : Risk Management Program for Corporate Leaders Class 1/2015
  - Course Seminar : Act against Corruption the Board of Director should know 4/2015
  - DCP : Director Certification Program Class 193/2014

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2014 – Present Director of Supalai Public Company Limited

### Former Last 5 Years

-None-



### Percentage of the Company's Shareholding (Ordinary Shares) (as of 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13
- The Risk Management Committee 2/2

## Dr.Sahas Bunditkul

Age 68 years

Advisor of the Board of Director

**Date of Appointment :** 14 November 2015

**Length of Service (as at 23 April 2019)**

3 years 5 months

### Education

- PhD (Mechanical Engineering) University of Michigan, USA (1978)
- MBA, the University of Leeds, England (1984)
- Master of Mechanical engineering, Chulalongkorn University (1973)
- Bachelor of Mechanical engineering (Honors), Chulalongkorn University (1971)

### Training

- Certificate in Business Administration, England
- Certificate Course in Top Executive Program in Bhumipalung Phandin, Chulalongkorn University, Class 1
- Certificate Course in Top Executive Program in Energy Literacy for the world, Thailand Energy Academy, Class 2
- Certificate Course in Top Executive Program in Commerce and Trade (TEPCoT), Class 5
- Advanced Security Management Program (ASMP), Class 2
- Capital Market Academy, Class 7
- Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) Class 54/2006
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 5
- Graduate Degree Course in The State, Private Sector and Political Sectors, Class 1, National Defense College (NDC.2546)
- Certificate Course in Good Governance for Medical Executives, King Prajadhipok's Institute and the Medical Council of Thailand, Class 4
- Thai - Chinese Leadership Studies Program Class 1 (TLC-1)



### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2015 – Present Advisor to the Board of Director of Supalai Public Company Limited
- **Directorship(s) in Other Company(ies)**
  - 2013 – Present Chairman of Executive Committee, Member of Board of Trustees, Asian Institute of Technology (AIT)

### Former Last 5 Years

- **Directorship(s) in Other Company(ies)**
  - 2012 – 2015 Executive Director of National Research Council of Thailand (NRCT)

### Percentage of the Company's Shareholding (Ordinary Shares) (as of 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-

### Number of Meetings Attended / Total

- The Board of Directors 13/13

## Mrs. Varunee Lapitananuvat

Age 57 years

Company Secretary, Deputy Managing Director

### Education

- M.B.A (Finance), National Institute of Development Administration
- B.Acc. (Accounting) Chiang Mai University
- Certified Public Accountant (Thailand)
- Advanced Certificate Course in Public Economic Management for Executive class 10, King Prajadhipok's Institute
- Advanced Certificate Course in Accounting and Taxation, University of the Thai Chamber of Commerce

### Training

- **Thai Institute of Directors**
  - Course Seminar : R-CS : Equipping Your Board for AGM Class 1/2013
  - Course Seminar : C-Seminar: Anti Corruption Seminar Class 3/2012
  - EMT : Effective Minute Taking Class 16/2010
  - BRP : Board Reporting Program Class 3/2010

### Present Position

- **Directorship(s) in Listed Company(ies)**
  - 2002 - Present Deputy Managing Director of Supalai Public Company Limited



### Former Last 5 Years

-None-

### Percentage of the Company's Shareholding (Ordinary Shares) (as at 31 December 2018)

- Held personally -None-
- Held by spouse or minor children -None-

### Family Relationship Among Directors and Executives

-None-

### Illegal Record in the Last 10 Years

-None-



## Board of Directors' Meeting and Additional Training Courses or Relevant Seminars Attended by Directors

In 2018, the Company had organized 13 meetings of the Board of Directors, whereby and advisor attending the meetings. Supalai places high emphasis on training and education to enhance capacities of board members (as stated in each curricular vitae), for example, the Company facilitated and sent their executive board members to train at the Institute of Directors (IOD) and other institutes' relevant courses all year long; The meeting attendance can be summarized as follows:

Name of Directors			Appointment Date	Board Meeting Attendance in 2018	Attending Training Course of Thai Institute of Directors <sup>2</sup>
1.	Dr.Prateep	Tangmatitham	26/06/1989	13/13	DCP, RCP, M-DLB
2.	Mrs.Ajchara	Tangmatitham	26/06/1989	13/13	DCP, CSP
3.	Mr.Tritecha	Tangmatitham	21/04/2009	13/13	DCP
4.	Mr.Prakit <sup>1</sup>	Pradipasen	25/04/2001	10/10	DAP, RCP,R-CAC
5.	Mr.Anant	Gatepithaya	22/01/2001	12/13	DCP, ACP, DAP, QFR, HRP, RMP, R-Forum, DTT, AGM, SE2, SE3, DBT, AACP, RCL, M-DLB, R-DF, M-AGM, NDC, M-DBT, R-ACF
6.	Assoc.Prof.Dr.Virach	Aphimeteetamrong	05/10/1992	13/13	DAP, ACEP, R-CF, CGI, R-CF, ACEP, M-DLB, M-ACM
7.	Assoc.Prof.Dr.Somjai	Phagaphasvivaf	13/10/2015	12/13	DAP
8.	Assist.Prof.Aswin	Bijayayodhin	10/05/2011	13/13	DAP, ACP, FSD, AACP, SFE
9.	Mr.Atip	Bijanonda	02/03/1992	13/13	DCP, DAP, RCL, HRP, ACPG, BMT
10.	Mr.Prasas	Tangmatitam	25/04/2001	13/13	DCP, DCP Diploma, SFE, SE2, DBT
11.	Mr.Krid	Chancharoensuk	22/04/2014	13/13	DCP, RCL

**Note<sup>1</sup>** Mr.Prakit Pradipasen resigned from independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee, effective from October 15, 2018.

### Note<sup>2</sup>

AACP	: Advanced Audit Committee Program	QFR	: Improving the Quality of Financial Reporting
ACEP	: Anti-Corruption for Executive Program	RCL	: Risk Management Program for Corporate Leaders
ACP	: Audit Committee Program	RCP	: Role of Chairman Program
ACPG	: Anti-Corruption the Practical Guide	RMP	: Risk Management Committee Program
AGM	: Integrity Pact: Transparency Tool for Preventing Corruption	R-ACF	: Audit Committee Forum
CGI	: Corporate Governance for Capital Market Intermediaries	R-CAC	: Thailand's 4 <sup>th</sup> National Conference on Collective Action Against Corruption
CSP	: Company Secretary Program	R-CF	: Meeting the AEC Challenge - Role of the Chairman
DAP	: Director Accreditation Program	R-DF	: Director Forum 2017
DCP	: Directors Certification Program	R-Forum	: Director Nomination Issues and Trend
DCP Diploma	: Directors Certification Program Diploma	R-CS	: Equipping Your Board for AGM Compensation Survey Report 2014
DTT	: Personal Financial Planning Workshop for Directors	SE2	: Risk Resilience - How the company's directors should deal with the issues of Enterprise Risk Management?
FSD	: Financial Statements for Directors	SE3	: CNBC Summit : Myanmar
HRP	: How to Develop a Risk Management Plan	SFE	: Successful Formulation & Execution the Strategy
M-DLB	: Director Lunch on Briefing	BMT	: Board Matters and Trends
M-AGM	: Annual General Meeting		
M-DBT	: Director Breakfast Talk "Cybersecurity: Risks, Liabilities, and Best Practices"		
NDC	: National Director Conference		

In 2018, Directors attended training courses as follows:

Name of Directors	Attending Training Course
Mr.Atip Bijanonda	BMT: Board Matters and Trends class 5/2018

## Remuneration for Directors and Executives

### 1. Remuneration for Board of Directors

The Company has the policy on criteria for proposing to shareholders to consider remuneration of directors, which shall be considered and scrutinized by the Nomination and Compensation Committee, which shall then propose to the Board of Directors to further propose for approval by the meeting of shareholders.

### 2. Remuneration Policy for Directors

The Company has the criteria for providing remuneration to the Board of Directors and Sub Committees clearly and transparent, which shall be considered the same industrial sector and business expansion. It's believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company's goals efficiently.

In 2018, The Annual General Meeting on 24 April 2018, resolved that approve the Remuneration for Board of Directors, as detail below.

Remuneration for the Board of Directors	
1. Remuneration/month	Chairman, Director 40,000 baht/person/month
2. Special Remuneration/year	Chairman, Director 700,000 baht/person/year
Remuneration for the Audit Committee	
1. Chairman	30,000 baht/person/month
2. Director	25,000 baht/person/month
Remuneration of sub - committee : Meeting allowance will be paid only once at the meeting (Sub-committees comprise of The Nomination and Compensation Committee, The Corporate Governance Committee, The Risk Management Committee and the other subcommittee appointed by the committee. (not include Executive Director)	
1. Chairman	25,000 baht/person/meeting
2. Director	20,000 baht/person/month/meeting

## 1. Remuneration for Board of Directors

### 3.1 Individual financial remuneration for Board of Director and sub-committee members;

(Unit : Thousand Baht)

Name of Directors	Remuneration in from Cash in 2018						
	Monthly Allowance					Special remuneration	Total remuneration per Executive Board Member
	Director of the Board	Director of Audit Committee	Director of Corporate Governance Committee	Director of the Nomination and Compensation Committee	Director of the Risk Management Committee		
	13 meetings	12 meetings	1 meetings	2 meetings	2 meetings		
1.Dr. Prateep Tangmatitham	480	-	-	-	-	700	1,180
Chairman of the Board, Chief Executive Officer							
2.Mrs.Ajchara Tangmatitham	480	-	-	-	-	700	1,180
Director of the Board, Executive Vice President, Director of the Nomination and Compensation Committee							
3.Mr.Tritecha Tangmatitham	480	-	-	-	-	700	1,180
Managing Director, Director of the Board, Director of the Corporate Governance Committee, Director of the Risk, Management Committee							
4.Mr.Anant <sup>1</sup> Gatepithaya	480	305	-	-	45	700	1,530
Independent Director, Chairman of the Audit Committee, Director of the Risk Management Committee							
5.Assoc.Prof.Dr.Virach <sup>1</sup> Aphimeteetamrong	480	-	-	45	-	700	1,225
Independent Director, Chairman of the Nomination and Compensation Committee							
6.Assoc.Prof.Dr.Somjai <sup>1</sup> Phagaphasvivat	480	25	25	20	-	700	1,250
Independent Director, Director of the Audit Committee, Director of the Nomination and Compensation Committee, Chairman of the Corporate Governance Committee							
7.Assist.Prof.Aswin Bijayayodhin	480	300	-	-	-	700	1,480
Independent Director, Director of the Audit Committee							

(Unit : Thousand Baht)

Name of Directors	Remuneration in from Cash in 2018						
	Monthly Allowance					Special remuneration	Total remuneration per Executive Board Member
	Director of the Board	Director of Audit Committee	Director of Corporate Governance Committee	Director of the Nomination and Compensation Committee	Director of the Risk Management Committee		
	13 meetings	12 meetings	1 meetings	2 meetings	2 meetings		
8.Mr.Atip <sup>1</sup> Bijanonda	480	-	20	-	45	700	1,245
Director of the Board, Director of the Corporate Governance Committee, Chairman of the Risk Management Committee							
9.Mr.Prasas Tangmatitam	480	-	20	-	-	700	1,200
Director of the Board, Director of the Corporate Governance Committee							
10.Mr.Krid Chancharoensuk	480	-	-	-	-	700	1,180
Director of the Board, Director of the Risk Management Committee							
11.Mr.Prakit <sup>1</sup> Pradiprasen	360	270	-	25	-	700	1,355
Independent Director, Chairman of the Audit Committee, Chairman of the Nomination and Compensation Committee							
<b>Total</b>	<b>5,160</b>	<b>900</b>	<b>65</b>	<b>90</b>	<b>90</b>	<b>7,700</b>	<b>14,005</b>

**Note<sup>1</sup>** Mr.Prakit Pradiprasen resigned from independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation, effective from October 15, 2018. Therefore, The Board of Directors' Meeting No.12/2018 held on 13 November 2018 has approved the appointment as follows;

1. Mr.Anant Gatepithaya as Chairman of the Audit Committee and Director of the Risk Management.
2. Assoc.Prof.Dr.Virach Aphimeteetamrong as a Chairman of the Nomination and Compensation Committee.
3. Assoc.Prof.Dr.Somjai Phagaphasvivat as Director of the Audit Committee and Director of the Nomination and Compensation Committee
4. Mr.Atip Bijanonda as Chairman of the Risk Management.

### 3.2 Financial Remuneration for Executive Board Members of fiscal year 2015-2018

(Unit : Thousand Baht)

Detail	2015		2016		2017		2018	
	Persons	Amount (Baht)	Persons	Amount (Baht)	Persons	Amount (Baht)	Persons	Amount (Baht)
1.Remuneration/month	12	4,810	11	4,940	11	5,940	11	6,305
2.Special Remuneration/year	11	7,700	11	6,100	11	7,700	11	7,700
Total		12,510		11,040		13,640		14,005

**Remark** Rate of Remuneration for Board Directors in 2015-2016 are equally and in 2017-2018 are equally. In 2016 - 2018, had the Board of Directors 11 members.

### 3.3 Financial Remuneration for Board of Directors holding Position of Director in its subsidiary

(Unit : Thousand Baht)

Remuneration	Amount in 2018
	3 Board of Directors*
Salary and Special Remuneration	9,667

**Remark** \* Dr.Prateep Tangmatitham, Mrs.Ajchara Tangmatitham and Mr.Tritecha Tangmatitham receive remuneration from Haadyai Nakarin Company Limited and Supalai Northeast Company Limited.

### 3.4 In-kind remuneration and other benefits of board members

The Company have a policy to give discounts to Board members for purchasing of house with land or condominium built for external parties. The in-kind benefits also include directors and officers liability insurance.

## 4. Remuneration for Executives

### 4.1 Financial Compensation for Executives

The Company has the policy to provide remuneration to the executives, whereby the Nomination and Compensation Committee is required to appraise the performance of Executives Management, determine Key Performance Indicators (KPIs) and the remuneration in the form of cash to be in accordance with the operational results of the Company, and consider and scrutinize the rates of remuneration for Executives Management, namely, the Chief Executive Officer, Executive Vice President, Managing Director, Deputy Managing Director, and Chief Financial Officer in order to be considered and approved by the Board of Directors every year. In 2018, the Company has 6 Executives in the first four top-ranking executives.

(Unit : Thousand Baht)

Remuneration	Amount in 2018
	First four top-ranking executive : Total 6 Persons
Total of salary and remuneration	138,624
Provident Fund	4,906
<b>Total</b>	<b>143,530</b>

There is no member of the Board of Directors and the Executive subject to a court judgment for committing criminal act or being under the process of legal action, criminal case, being adjudged to be bankrupt or placed under receivership.

### 4.2 Other in-kind non-financial compensation and benefits:

- To promote family institution, every five years the member shall be entitled to have discount for purchasing of house with land or condominium unit of the Company developed for external parties.
- Annual medical check-up

## 5. Number of Employees

### 5.1 Number of Employees and Remuneration of Employees

The Company divided its operations into 2 lines, namely, the main line comprising construction and sales, and supporting line such as accounting and finance department, human resource department, legal department, etc. There are details on the number of employees and remuneration in 2018 as follows:

(Thousand Baht)

	Number of Employees	Remuneration *		
		Salary and Bonus	Provident Fund	Total
Main Staff	845	491,033	11,326	502,359
Supporting Staff	362	239,646	7,064	246,710
<b>Total</b>	<b>1,207</b>	<b>730,679</b>	<b>18,390</b>	<b>749,069</b>

**Remark** \* Collective remuneration means salary, overtime pay, special payment, commission, provident fund contribution (Except 6 Executives in the first 4 respective order)

### 5.2 Provident Fund

Supalai has established a provident fund and contributed to the fund at the minimum rate of 3 % to maximum rate of 10 % of salary. Based on his or her employment duration, the employee can choose to contribute to the fund at the minimum rate of 3 % to maximum rate of 15 % of salary.

Employment (starting of the 1 <sup>st</sup> year of service)	Contribution of Employee (in percentage of the salary)	Contribution of Employer (in percentage of the salary)
> 5 years	3-15%	3%
5 years > 10 years	4-15%	4%
10 years > 15 years	6-15%	6%
15 years > 20 years	8-15%	8%
20 years and over	10-15%	10%

Due to a quantum leap in the Company's growth, its personnel, both executives and operators, have increased rapidly. Accordingly, to enable its personnel to properly adjust themselves to the management philosophy, organization culture, values and good corporate governance motto as well as to give them motivation and incentive to work, the Company's strategy places emphasis on Employee Career Development Planning by applying Competency to establish relationship of levels of skills, knowledge, abilities as well as work-related behaviors. The Company also applies Key Performance Indicators (KPIs), and places emphasis on raising awareness of the Executives regarding their key roles as Human Resource Manager. Every employee is also given the right to be shareholder and to take part in the Company's growth as one of the Company's owners.

The aforementioned are policies and strategy responding to the visions and key goals for development of personnel's potential, resulting in work effectiveness which leads to sustainable progress of the organization. (Please see more details in "Human Resources Capital Development")



# Internal Control and Risk Management

Supalai Public Company Limited places emphasis on internal control and risk management, and, thereby, has established suitable, sufficient, and efficient internal control and internal audit systems by adopting internal control measures as well as overseeing the compliance with measures against corruption and risk assessment, while providing advice and reporting on audit result according to the counter-corruption measures to the Board of Directors of the Company on a regular basis. In addition, the Company has been audited to ensure compliance with the requirements and laws of the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and business-related laws. The audit has been done to ensure that the financial report is accurate and disclosed sufficiently to allow the Company to operate its business for the maximum benefit to shareholders based on the principle of fairness in the benefits of all stakeholders.

## Internal Control

The Company requires that there be audits and reports on the internal control system by the Internal Audit unit established independently, to review the effectiveness and audit reports of the internal control system of the Company to the Audit committee and the Board annually. The Company has prepared work manual and regulations in which the authorities and duties are clearly defined, and have been communicated to employees. The policies and personnel management procedures regarding internal control of the Company have also been adopted. Controlling activities for internal control, which comprise both financial and non-financial audits, protection of high risk assets and controls of information system as well as monitoring and evaluation during work performance and continual evaluation on a case-by-case basis, have been established to ensure that the internal control system is sufficient, suitable, efficient, and can be practically implemented. Moreover, the internal control system of the Company conforms with the internal control guidelines as advocated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Board of Directors had assigned the Audit Committee to assess the sufficiency of the Company's internal control annually in various aspects according to 5 elements, namely, control environmental, risk assessment, control activities, information and communication, and monitoring by using the internal control self-assessment form provided by the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET). In addition various issues were discussed according to the sufficiency assessment form of the internal control system as well as the report of the Audit Committee.

In 2018, the Audit Committee's opinion was that the Company has sufficient and proper control system as presented in the report of the Audit Committee. Besides, The Company's auditor, EY Office Limited, which had assessed the Company's internal control system effectiveness, reported that there was no any observation and defects which would have any significant impact on the Company's financial statements.

The Board of Directors Meeting No. 12/2018 held on 13 November 2018. subsequently resolved that the Company has sufficient internal control and monitoring system as it has sufficient and concise internal control system regarding transactions with major shareholders, directors, executives and persons who may have conflict of interest. The Board of Directors attaches importance to internal control system of every process. The Company has provided sufficient number of personnel to implement the system effectively. The organization structure is appropriately designed with high flexibility and efficient collaboration. There is division of duties in various departments and work positions, along with

decentralization, emphasis on conflict of Interest and anti-corruption program. All these tasks have been empowered property to the authority of executives and operators, with the check and balance in place to protect shareholders' capitals and Company's assets. The Company also has sufficient control system for monitoring the operations of its subsidiaries in order to protect the assets from unduly or unauthorized use by employees or executives, and from conducting transactions with persons with conflict of interest or related persons. In addition, Whistle Blower channels are provided via email : [anti-corruption@supalai.com](mailto:anti-corruption@supalai.com) and complaints channels for goods and services via 1720 call center and respectively. There is also internal control system covering financial reporting, operations, assets maintenance, compliance with laws, relevant regulations. For monitoring, the Board of Directors assigns the Audit Committee to review the internal control assessment result by focusing on the efficiency, effectiveness, adequacy and suitability of business operations to ensure that all assets are maintained and resources used efficiently to prevent possible damage or dishonesty.

The Company's Board of Directors prescribed the establishment of the Internal Audit Unit. At Present had appointed Miss Toopthong Hiranyanurak to be the internal auditor in the position of head of the Internal Audit Unit. As she has the qualification and experience in internal audit and citing her in-depth expertise and understanding of Company's business. As a result, she is considered to be suitable to perform the duty.

The consideration of appointment, removal and performance assessment of the chief of internal audit of the Company must be approved by the Audit Committee.

## Risk Management

The Board of Directors has nominated the Risk Management Committee responsible for formulating the risk management policy and overseeing organizational risk management.

The guidelines for the risk management policy of the Company are as the following:

1. To set the same standard of the risk management process.
2. To implement integrated risk management systematically and continuously in harmonization with the KPI (KPI : Key Performance Indicators) and strategic plan.
3. To encourage and develop all levels of staff to gain knowledge and understanding, and participate in the process so as to realize its importance of risk management.
4. To focus on employees from all levels to proactively manage risks.
5. To set up the internal control system, with a coverage of all aspects including, strategic, operational, financial, legal and regulatory, anti-corruption, market risk, information technology, social network, social and environmental and consumer protection, in order for the Company to have a proper and efficient internal control system.
6. All employees are responsible for identifying risks, assessing risks by considering the potential risks and impacts of such risks, and propose ways or means to amend the risk under their responsibility. They shall also comply with the risk management plan to ensure that the risk is at acceptable level and immediately report on results of the risk management plan implementation according to the risk management process undertaken by the Company.
7. Identify and manage risks that affect the Company's plan, direction and strategy systematically to ensure that the risk is at acceptable level; whereby, if the risk is medium , high or very high, the risk management plan, and acceptable risk levels must be reported to the Risk Management Committee.

8. When employees see or acknowledge the risks that may have impact on the Company, the subordinated risk must be reported to the management of the Company, and the Risk Management Committee acknowledges the risks in order to determine the best method to manage risks under appropriate circumstances or report to risk@supalai.com
9. Provide a follow-up, assessment, and prepare a report on the risk management results to be submitted to the Risk Management Committee and the Company's Board of Directors to further provide approval or recommendations and to acknowledge, review, improve and report on potential new risks to minimize the impact on the Company's achievement of its objectives.



For awareness and understanding of risk management, The Company has communicated the risk management policy to the executives and the employees via emails, intranet and website of the Company.

In 2018, the Company has undertaken the risk management as follows:

- Holding 6 meetings of the Risk Management Sub-Committee and 2 meetings of the Risk Management Committee.
- Reviewing the policy on risk management and the requirements of the Risk Management Committee.
- Establishing Risk Map of the organization.
- Establishing criteria of likelihood and impact to assess the organization's risk to be at an acceptable level.
- Reviewing the risk management manual to be guidelines for employees regarding risk management in the organization.
- Providing "Ya tuen" communication to create knowledge and understanding about risk management.

- Providing training courses on Risk Management Guidelines for new employees, and the Enterprise Risk Management course for supervisors.
- Providing online test on risk management knowledge for employees in the Company and its subsidiaries to create knowledge and understanding on risk management.
- Providing a communication channel on extensive risk management to be accessible for everyone in the Company by using Google Site System (Intranet) and arranging for Line Group of risk management team.
- Providing a risk reporting channel through the Google Site System (Intranet) to enable participation in risk management from all employees throughout the organization.
- Providing a Business Continuity Plan (BCP) and rehearsing it to allow the Company to operate the business continuously and strengthen the corporate image in terms of good management.

# Risk Factors and Risk Management

Risk factors which may arise and affect future operations of the Company are as follows:

## 1. Strategic Risk

### 1.1 Risk from Increasing Competition

The Thai economy in the third quarter of 2018 has a growth rate of 3.3%, indicating that the economy has reached a stable level. In the first 9 months of 2018, the Thai economy grew by 4.3%, while domestic demand continued to improve in expenditure, which has been largely supported by the growth of private consumption and investment, and the continuous growth of government expenditure and investment particularly in infrastructure. As a result, the overall real estate market continued to grow as well because of the distribution of real estate along the line of electrical trains in both the extension projects and new projects approved by the government or projects to be approved during the year. In addition, the private sector's spending will re-establish as a driving factor in generating liquidity for the economy, leading to the improvement of household spending. Furthermore, the government has also accelerated investment from foreign countries and the private sector in the special Eastern Economic Corridor (EEC) projects, resulting in the consumers' confidence and belief that the market is still growing with many supporting factors.

With the situation mentioned above, the real estate market is also a competitive arena for major operators, be it the existing operators, the joint venture of the existing operators looking for business partners to strengthen competitiveness including large group of companies from other businesses and each of them expands new business models to create growth in the midst of higher competition. The real estate market has grown, but still not much as there are no measures of the government to stimulate real estate business by reducing the transfer fees as in the previous year. Therefore, there has been adjusting of marketing strategies to boost sales, such as online marketing, direct marketing and marketing to attract foreign customers in projects in economic zones or major tourist cities such as Chiang Mai, Phuket, Pattaya.

Nevertheless, due to being a major operator with more than 29 years of experiences, the Company has been at the advantage because of its reputation in operating business that based on honesty, fairness and sincerity with the consumers. Specifically, it attaches importance to the management to reduce such risks, that is, in 2018, the Company has developed residential models with innovative housing that is convenient to the lifestyle with an affordable price. In addition, prior to investing in the project, the Company has conducted a feasibility study for each project and consumer behavior by choosing a convenient location, near the Mass Transit System that is spreading across all directions of Bangkok, its vicinities and major provinces that can meet the need of a wide range of customers by taking into consideration the potential of each province as a whole (Macro), such as the amount of income, the number of the population, taxation, the number of cars, deposits, universities, modern trade centers. In addition, the Company has an outstanding point in having energy-saving houses with the management of its operations under the ISO 9001 standard system with a quality inspection process up to the delivery of products to customers. The service is provided to customers by placing emphasis on customers' satisfaction. As a result, the Company has a competitive advantage in terms of reliability and quality of products and services including the implementation of new innovations on existing products and services to meet consumers' needs. Therefore, the Company can reduce the risk from competition.

## 1.2 Risk from Granting Housing Credits by Commercial Banks

Currently, local commercial banks have tightened lending to consumers who buy houses due to increasing household debt especially in the middle and lower market. The commercial banks have a higher risk that debtors will not repay debt affecting the sale of the Company's projects. Even if the reservations may reach the targets, there are high risks that customers cannot receive transfer of ownership thereby impacting the revenue recognition of the Company. In 2018, residential lending has recovered along with the restoration of consumer confidence and the market stimulation by real estate operators. However, the loan growth rate is still limited to about 6.0-7.0% due to various factors. One major factor is the quality of the debtor that makes commercial banks to enforce more careful lending policies by targeting a group of high income consumers with a credit limit of 3 million baht and higher.

The Company will assess the initial qualifications and loan repayment capability of customers who will apply for a loan from financial institution at the time of purchase at the project up to the application for credits from financial institutions. In addition, for high rise projects, customers will be required to pay the down payment of 15-20% of the selling price, depending on the size of the project. Another 80-85% will be applied for a loan from the bank by the customer on the ownership transfer date to reduce the risk of loan provision. Also, the Company has adjusted its work process by sending customers to every commercial bank to determine the qualifications of each customer if they are suitable for any commercial bank as each commercial bank has different conditions for providing loans to each group of customers. This approach will result in the commercial banks being able to screen customers to meet the needs of the commercial banks themselves and will help reduce the risk of bank refusal.

In addition, the Company has been continuously monitoring economic condition and policies of commercial banks that may have impact on the Company's business operations. In 2018, the Bank of Thailand has announced the revision of the residential loan policy, in which the Company has adjusted its business strategy in accordance with the said policy. Moreover, the Company has been consulting and creating partnership with commercial banks to facilitate customers to acquire loans and arrange for measures to support the customers to receive loans rapidly, which can also help reduce risk as well.

## 1.3 Risk due to Shortage of Labor

The overall labor shortage situation in the construction industry remains an important risk in 2018, due to the economic conditions of which the growth has been on the rise since the previous year. The existing and new real estate operators urgently start to open the projects in both the horizontal and condominiums. In addition, the Government has mega utility projects as well as the electric train project, high-speed rail having received some government funding, of which some parts have been under construction already and constantly causing a lot of labor demand. This might cause insufficient labor problems to the point that both the private sector and the government might have to compete for labor force.

In consideration of the risk due to labor shortage, the Company acknowledges and operates under the Emergency Decree on Managing the Work of Aliens and the Immigration Act by registering the incoming foreign workers legally. Furthermore, the Company encourages contractors to hire legal foreign workers, which will help solve the problem of migrant workers illegally entering the country.



## **1.4 Risks from the development of human resources to support business competitiveness**

From the vision of the Company to be a leader in innovation and added value, with a focus on sustainable growth, the Company has continued to develop its real estate projects and has expanded its investment abroad. In order to have efficient business operations, the Company has attached importance to the development of its employees by adopting plans and organizing trainings of all major and business-related courses for employees. The Company has the process of recruiting high potential employees to ensure that it has quality executives and employees sufficient to expand its business. In addition, the Company has implemented key performance indicators (KPIs) to manage performance from the management level to the employees operating at various levels to ensure that the work is consistent and in line with the Company's goals. Furthermore, the Company has organized training to create career path through Real Estate Management project for middle and senior managers to be developed to senior positions by inviting qualified and experienced speakers to provide various fields of knowledge and exchange ideas. Supervisors in the trainings must prepare report to the management on the search for innovation to be applied for improvement, correction, initiation and to develop goods and services of the Company to have better quality. In addition, the Company organized the Innovation Awards 2017 project annually to provide employees with the opportunity to present their innovation to create value for the Company.

## **2. Risks in business operations**

### **2.1 Risks from Pre-Built Houses**

To build houses ready for sale is part of the policy of the Company applied in its business operation to ensure confidence of customers that they can receive ownership transfer and move into the house once they decide to buy, which is in line with market conditions for small housing loans while competitive financial institutions are offering high amount of credit for home ready for sale. However, such operations consist of risks as high amount of capital is required, and there is a risk if the situation changes or the customer is not satisfied with the pre-built house and decide not to buy the house in the Company's projects.

Nevertheless, the Company has managed the risk from having pre-built houses for selling by dividing the project construction into phases, while also adjusted its strategy and sales promotion to boost its sales through continuous marketing and sales promotion activities. It has also closely assessed the sales situation and the customers' ability to buy by conducting a study of consumers' behavior so that the house can be built to meet the needs of clients in each project and controlled the cost and inventory, which is another factor to reduce risk. Moreover, with 29 years of experience, the Company has the advantage in terms of marketing information and understanding of the needs of target customers, and can, therefore, design houses both single detached houses, duplex houses and townhomes that meet the needs of customers. As a result, the Company's projects are well accepted by the target customers both in terms of quality, location and price. Although there are currently risk factors for buying houses by consumers, but the target group of customers of the Company still need to buy quality housing continuously because consumers expect to receive good after-sales services as well as strict quality control before delivering the house, which can help reduce such risk as well.

## 2.2 Risk from Delay and Quality of Construction Work

For real estate development projects, the Company has outsourced contractors to perform construction for both horizontal and condominium projects resulting in the Company's exposure to the risk of contractors' delays in the delivery according to the schedule, or the construction quality is not up to the standards if the hired contractors do not have sufficient expertise or a lack of personnel and liquidity. To reduce such risks, the Company has set out the management guidelines as follows:

**1) Selecting qualified contractors and suppliers of materials with experience and quality**

in the amount sufficient for the planned construction, and not to be concentrated on any one of them. In horizontal construction projects, no contractor will receive more than 10% of the construction work value each year. Most contractors have been working with the Company for more than 3 years so they have skill on the construction designs and the system of the Company sufficient enough to build quality work in a timely manner. In case of condominiums, large-scale experienced contractors shall be chosen and each type of employment shall be divided according to their expertise. No single contractor shall be hired for all types of construction of the projects, and construction methods have been improved and corrected. Also, the information shall be updated to be suitable for the current construction situation for all completed projects.

**2) Coordinating with the manufacturers to designate the shops for the contractors to place their orders and at a set price**

to control the price and material standards so as to ensure convenience and flexibility for contractors. A better division of work has been established to provide more liquidity for the contractors. The Company also supplies some materials to reduce the financial burden on contractors.

**3) Developing construction work**

by being associated with designers, construction contractors, and manufacturers develop to construction work and construction materials to achieve better quality in shorter period of time by applying appropriate technologies having already studies examined before applying by examining and selecting contractors or manufacturers with extensive expertise, while conducting studies to find out methods and be prepared to build houses by applying Prefabrication Technology in the construction so as to use less labor in order to reduce risks regarding labor shortage in construction industry.

In addition, the Company has adequate experts and management teams to supervise the construction to be in line with the standards. The Company also has training plans for operation personnel, supervisors and construction contractors in order to develop construction processes to be efficient with better quality and mutual understanding regarding the inspection of work so as to ensure that the quality is in line with the established standards. This is to reduce the risk of being delay in work delivery.

**4) Reviewing the construction contracting price to be in line with the market condition**

in order for the contractors to work uninterrupted. The Company has also organized 2 major meetings with contractors and manufacturers per year to brain-storming and listen to problems, comments and ideas as well as preventive and corrective measures regarding construction work so as to create satisfaction to contractors and manufacturers.

## **2.3 Risks of purchasing land for development**

### **1) Risks due to relevant laws and regulations on land purchase**

To prevent any risk of any law or regulation relating to the land which are obstacles for development of the Company's projects, there has been a control on legal risk by carefully reviewing existing legal provisions relating to the development of projects including those to be announced in the near future, such as the provisions on city planning, buildings, land allocation and sub-provisions of each locality, which will have effect on the development of the projects. This includes a complete and thorough verification of the ownership of the seller and all parties involved, and the removal of the de facto and de jure property rights of the land to be purchased. In addition, the Company shall conduct a survey of the land and surrounding areas to determine whether any part of the land is affected by any laws or regulations before conducting designing experiment and laying out preliminary project by taking into account the factors regarding the land whether the survey results meet the needs of the Company so as to be taken into consideration to further prepare the agreement to purchase land. Moreover, if there are any concerns regarding path width or public use, or issues involving restrictive government regulations, there shall be a working unit that coordinates with and request approval or confirmation from various agencies in regard to color scheme, expropriation, route connection and other relevant issues to reduce potential risks.

### **2) Risks in purchasing land for business purposes**

Though the current land price has increased considerably especially in the inner-city area, the Company still needs to purchase high-priced land to develop housing projects according to market demand, but with much more caution when buying land at a higher price. Nonetheless, the Company continues to search for low-priced land to develop its projects to support the majority of housing demand by expanding the range of land evaluation to find areas that are not fully extended but have good transportation and environment.

Thus, the Company will analyze and evaluate both market and economic conditions in each locality, and monitor the change in land price in various locations continuously to enable the Company to adjust the guidelines in selecting land that is priced and located appropriately based on the residential situation. When considering the above factors, the Company can significantly reduce business risks in land purchasing.

### **3) Risk from wrong decision to purchase land**

In purchaing land, the Company may be exposed to the risk of making mistake in purchaing land, such as purchasing landlocked property, insufficient land for permission to develop real estate projects, land in which the community may be affected during the construction, etc, which may have impact on the development of the Company's projects. To prevent such risk, the Company has arranged for a physical survey unit with knowledge and a lot of experiences to survey or inspect all plots of land before purchasing and hire independent appraisers as outsource to conduct the survey and appraise the price as well as hiring personnel to measure and inspect the land boundary and the level of soil along with other matters in a concise and careful manner as well as using GIS (Geographic Information System), a spatial information system software, resulting in making purchasing land easier.

## **2.4 Risk from Increasing Cost of Construction Materials**

Construction material is a major construction cost. In 2018, the price of building materials and oil prices have slightly decreased due to the demand and supply as well as the world economic condition. This has resulted in the Company's lower production and transportation costs. Nevertheless, the Company has managed the cost of the construction from the designing stage up to the entering into contracts with the contractors regarding the labor cost and the cost of construction materials, whereby the Company has maintained the material price at the level that it can control the cost, while monitoring the movement of prices and estimating the prices in advance. In a necessary case, advance purchasing order has to be made in a big lot so as to be able to negotiate the prices and control the cost of the construction work as well as managing and controlling the specified quality and standards of the houses. Furthermore, the Company has conducted studies on choices of alternative materials of each type to be suitable for certain circumstances. In addition, the Company shall jointly with the contractors and manufacturers develop and improve production methods, transport construction materials, develop innovation relating to construction for effectiveness in terms of capital cost, logistics and reduction of fluctuation of prices or shortage of materials.

## **3. Liquidity risk**

Liquidity risk is a major risk that can have impact on the Company if it has insufficient capital to fund its operations, or the cost of financing is higher than normal between assets and liabilities, or the outflow of funds exceeds the expectations and capital prepared for the business. The above reasons, coupled with minimal growth of real estate market in Thailand in 2018 with more negative factors than positive factors as well as the global economic impact and commercial banks' restriction in providing credits, would result in the Company's need to manage its liquidity effectively so as to help keep the business going.

Even though there has been no liquidity problem as there are a number of projects with revenues recognized continuously, the Company has been prepared to prevent liquidity risk by adopting guidelines and developing liquidity strategies consistent with the Company's objectives. It also sets the appropriate timeframe for risk prevention and correction as well as preparation of project finance for all projects including the preparation of cash flow projections. The Company has set out a careful spending plan so as to maintain its liquidity by investing in residential projects, such as purchasing of land and launching of additional construction projects that are suitable with the business environment, maintaining of debt to capital ratio by maintaining the proportion of debentures and project loans to be suitable to the situation. The Company has also repaid debts and adopts the policy to manage cash and cash equivalents in accordance with business operating conditions.

## **4. Risks from the change of rules, regulations or laws relating to real estate business**

The business of the Company involves with many laws, and each law has its own complicated requirements and subject to change all the time. Accordingly, the Company must carefully consider the implementation of the laws in a complete manner. If it has not followed the laws, or not fully implemented the laws, the Company might be at risk, such as the risk of limitation on use of space for the construction of certain types of buildings, limitation on height zones, limitation on retreat of the buildings including disputes on land boundary with neighboring landowners as well as complaints during construction, or the expropriation of land for the construction of public utilities by the authority, or problems arising from the amendment of laws, notifications and requirements effective during the time the Company has already held ownership of land and under the process of applying for permission from relevant authorities. Nevertheless, before starting to develop real estate projects, the Company would avoid such risk by checking the limitation in terms of laws and requirements of

relevant agencies. In so doing, a unit has been established to be responsible for monitoring and checking the operations to match up with the changes of laws at all times. Besides, databases on laws and regulations are established and updated to cover all aspects of the Company's operations. In addition, for the construction of high-rise projects, the Company must prepare the environmental impact assessment (EIA) to be submitted for approval from the Environmental Impact Evaluation Bureau, Ministry of Natural Resources and Environment pursuant to the Act on the Promotion and Conservation of Environmental Quality B.E 2535 (1992). The Company recognizes the importance of observing the conditions specified in the report on the analysis of environmental impacts in all respects. This is to reduce the risk of environmental impacts so it can continue to operate its business on a sustainable basis.

## **5. Risk from dishonest acts and corruption**

There are risks of dishonest acts and corruption in the business operation of the Company because its real estate development consists of large scale projects that require high amounts of investment with the process that involved many units of the Company and the outside personnel, be it the government agencies and the private sector. The Company, therefore, needs to have an appropriate internal control and internal audit systems as a tool to prevent corruption in the operations of every department and the operations of the external parties.

To reduce the risk of dishonest acts and corruption, the Company has set a policy against dishonest acts and corruption to be complied by the employees at all levels, and the Audit Committee is responsible for overseeing the implementation of anti-corruption measures to be in line with the adequacy of the internal control system of the Stock Exchange of Thailand, while there are annual risk assessments of dishonest acts and corruption and a creation of confidence for all employees to join forces against such acts. The public relations media and activities have been organized for employees regularly to encourage them to participate in the management of corporate corruption risk. It also includes the provision of channels to report on clues by employees, suppliers or stakeholders with the protection measures for the whistle blowers.

Furthermore, the Company has recognized that corruption is important national problem, and therefore expressed its intention to join the private sector in the fight against corruption (Collective Action Coalition) and signed to join the membership of the Anti-Corruption Cooperation Subcommittee of Thailand. It has also joined in the activities on the Anti-Corruption Co-operation Day every year.

## **6. Information Technology Risk**

In the midst of intense competition in the property development business, the operators must try to increase the ability to compete by applying technology to develop innovations for the business so as to grow and to increase the sales. As a result, innovation in information technology has become a new strategic tool for business competition in the digital age. If the Company cannot adapt to the changes in the advancement of information technology in the digital age, it would be at risk in the competition.

The Company attaches great importance to information and communication systems, and encourages and supports ongoing system development in order for the information to be accurate and up to date by applying modern and effective information technology and data security, which include the collection, processing, storage and monitoring of information. This is to provide operational and critical information to be used by the directors, executives, employees, shareholders, customers or other stakeholders in a complete, sufficient and timely manner for making business decisions. The Company has set out policies on the security of information technology by installing a Firewall system for all projects to protect against the threat of external attacks, such as Hacker, Malware, which is currently spreading extensively. Also, G SUITE (Google

Apps for Work), which has the ability to prevent external attacks such as spam mail and virus mail effectively, has been used in the organization. It also helps reduce the workload of the personnel responsible for maintaining the existing email system. At present, the Company has introduced three-dimensional drafting technology making the construction easier with the relationship in terms of both the structure and system work.

## 7. Risk from Social Network

Online social network has played an increasingly important role in the lives of people today, it is used as a communication tool that is public for sharing information and for doing business. From the above characteristics, the businesses have currently used social network as another means to build long-term relationships with customers. The Company also uses social network as a channel to communicate with customers and to receive comments as well as to launch public relations to create awareness of the Company's products and services. It can also be used as a tool to create marketing campaigns that reach the target customers as desired. Due to the influence of online social network that has played a role in the business, in order to prevent potential risks, the Company has used social networks with social responsibility and according to strict legal requirements. It, therefore, has a unit that performs the duty of considering and checking the information to be accurate before communicating to customers so as to reduce the potential impact on the Company.

At the same time, the use of online social networks among employees within the Company may pose a risk to the Company coupled with the provisions of the Computer Crime Act B.E. 2561 (2018), which has more stringent content, the Company has, therefore, taken steps to reduce such risks by adopting policies to be strictly complied with by all employees and controlling the use of computer systems and internet connections. It also analyses and closely monitors the risks that come from social networks in a systematic manner by analyzing the problems and trying to find solutions to such problems in order to formulate strategies and methods to manage risk that might take place in the future. The problems and managing methods have been disseminated on the Intranet to communicate to all employees to be used as a guideline to prevent the risk that may occur. The Technology Day event has been organized to communicate to all employees the issues related to appropriate use of technology and social network under more strict laws.

The Company has adapted to the cyber era with the adoption of Cyber Resilience approach, utilizing a system that allows the business to operate safely, detect cyber threats, and respond to a cyber attack event involving the Company to reduce the chance of business disruption and minimize the likelihood of the Company's loss. In furtherance of being cyber-resilient, the Company also establishes good IT Governance as a risk management framework, and complies with the policies to build capacity and sustainable growth for the Company along with good corporate governance principles.

## 8. Emerging Risk

The Company has reviewed the emerging risks, which may affect the business operations of the Company either directly or indirectly so as to be able to link to strategic decisions and to create added value of the Company. The important issues to be considered are, for instances, information technology risk, liquidity crisis and strict credit provision of financial institutions, political risks affecting government policies and new laws that may affect business operations.



To be prepared for any emerging risks, the Company has analyzed its environment and potentials or SWOT to assess the current situation of the Company and to set out the plan and be prepared to handle various circumstances that are the causes of risk both from inside and outside the Company. Also, the analysis on competitors in the industry has been carried out so as to be prepared for the competition. Furthermore, it has collected information relating to emerging risks to be analyzed continuously in order to understand them and try to find prevention measures to limit possible impacts. The Company has also analyzed all important working processes to ensure that the emerging risks are properly handled. This includes raising awareness and educating the employees on risks in order to be able to consider various issues as follows:

- 1) Adaptation of process to upgrade the risk within the organization.
- 2) Defining risk indicators.
- 3) Designation of a risk management team that can interpret and manage risks.
- 4) Communicating information on risk to relevant parties.

## **9. Risk of Consumer Protection**

Consumers are important factor for sustainable growth of business. The risk of consumer protection is one of the important risks that the Company must manage to be at an acceptable level. The major consumer protection risks of the Company are from consumer complaints regarding the quality of its products and services as well as the legal contracts between the Company and the consumers. Therefore, in order to prevent this risk, the Company focuses on the policy, which the employees at all levels must strictly comply with in regards to customer treatment in order to focus on customer satisfaction. The customers must be treated with honesty and fairness. The ISO 9001: 2015 quality management system has been applied with the emphasis on risk management to customers by taking into account stakeholder need, whereby the laws related to consumer protection must be strictly adhered to in terms of delivery of quality products according to standards and the use of accurate advertisement content that is true with fair contract under the supervision of the Office of Consumer Protection. In addition, there is Supalai's Smart Center to receive complaints from customers with the recording system that sends complaint online to the responsible department for each complaint. There is also a system to monitor progress in resolving such complaints in order to provide products and services which are satisfactory to customers. The Company has also conducted a survey of satisfaction of customers and stakeholders towards all of its products and services in every project, and the results are used to improve the products and provide solutions to further meet the needs of consumers.

## **10. Risk of Society and Environment**

### **10.1 Risks from transitioning into an ageing society**

While Thailand is transitioning into an ageing society, the Company has adopted the principles of Universal Design by focusing on the design and development of the residence as a center of love and care and taking into account the comfort of residents of all gender identities and ages whether they are children, adults, or seniors with “Supariittha” single detached home design.

## 10.2 Risks related to human rights

Since all human beings are entitled to equal human rights, the Company places an importance, conveys the matter to partners, and takes the concrete action by setting conditions in the partner recruitment process to guarantee human rights are not violated and allow the Company to assess and evaluate in the criteria of human rights, safety, health, and environment. In addition, there is a process to inquire the needs of partners' workers/employees to create a development plan of co-living with working partners by inspecting and monitoring the plan to ensure that it is followed and reported to the management.

## 10.3 Environmental Risks

The Company is committed to developing projects of good quality. Prior to a project construction that may affect neighboring communities, the Company shall perform an environmental impact assessment to determine both positive and negative environmental impacts from project development that may influence the environment in all aspects including natural resources, economy, and society in order to provide guidance in minimizing the potential negative impacts. The environmental impact assessment shall help reduce the cost of resolving post-development issues. Thus, the environmental impact assessment shall cover the following 4 aspects: 1) physical environment, 2) biological environment, 3) human use values, and 4) quality of life values

# Capital Structure

## 1. Securities of the Company

As at 31 December 2018, the Company has a registered capital of Baht 2,145,691,561 with paid-up capital of Baht 2,143,079,330 divided into 2,143,079,330 ordinary shares at a par value of Baht 1 per share.

During the year 2018, the Company's issued and fully paid up share capital has increased from Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) to Baht 2,143,079,330 (2,143,079,330 ordinary shares with a par value of Baht 1 each) as a result of the exercise of the ordinary share warrants, as follows:

Exercise date	Number of warrants	Cash received from exercised warrants	Issued and fully paid share capital	Share premium	Date of registration of share capital with the Ministry of Commerce
	(Thousand Units)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	
19 January 2561	141,032	564,130	141,032	423,098	23 January 2561
19 April 2561	59,897	239,587	59,897	179,690	25 April 2561
19 July 2561	176,902	707,608	176,902	530,706	24 July 2561
19 October 2561	48,695	194,780	48,695	146,085	26 October 2561
<b>Total</b>	<b>426,526</b>	<b>1,706,105</b>	<b>426,526</b>	<b>1,279,579</b>	

The remaining 2,609,873 unexercised warrants have expired.

## 2. Other Types of the Company's Shares with the Rights or Conditions Different from Ordinary Shares such as Preferred Shares

1) In 2015, 2016, 2017 and 2018, the Company had issued unsecured debentures with the details as follows:

- No. 3/2015 on September 4, 2015 with 5 years maturity at a fixed interest rate of 3.10% per annum in the value of Baht 1,500 million (1,500,000 units at a per value of Baht 1,000 per unit), and the maturity date is September 4, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 4/2015 on December 28, 2015 with 3 years 11 months 23 days maturity at a fixed interest rate of 2.72% per annum in the value of Baht 2,500 million (2,500,000 units at a per value of Baht 1,000 per unit), and the maturity date is December 20, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2016 on January 29, 2016 with 3 years maturity at a fixed interest rate of 2.25% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is January 29, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.

- No. 2/2016 on September 7, 2016 with 3 years maturity at a fixed interest rate of 2.24% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is September 7, 2019, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2017 on February 17, 2017 with 3 years maturity at a fixed interest rate of 2.60% per annum in the value of Baht 2,700 million (2,700,000 units at a per value of Baht 1,000 per unit), and the maturity date is February 17, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 2/2017 on May 4, 2017 with 3 years maturity at a fixed interest rate of 2.59% per annum in the value of Baht 1,000 million (1,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is May 4, 2020, with interest payment after every period of 6 months throughout the maturity period of the debentures.
- No. 1/2018 on March 15, 2018 with 3 years maturity at a fixed interest rate of 2.09% per annum in the value of Baht 3,000 million (3,000,000 units at a per value of Baht 1,000 per unit), and the maturity date is March 15, 2021, with interest payment after every period of 6 months throughout the maturity period of the debentures.

### 3. Offering for Sale Shares or Convertible Securities to Mutual Fund for Foreign Investors (Thai Trust Fund) and the Issuance of Non-Voting Depository Receipt (NVDR)

From the information on ordinary shareholders who hold shares of the Company through Thai NVDR Company Limited as of 29 August 2018, there were 135,728,649 shares, or 6.48% of the paid-up ordinary shares. Also, since the ordinary shares of the Company held by Thai NVDR Company Limited have no right to vote in the meeting of shareholders (except the exercise of right to vote on the resolution to delist the shares), the voting rights of other shareholders have increased. The shareholders can check the most recent number of NVDR shares of the Company from the website of the Stock Exchange of Thailand at [www.set.or.th](http://www.set.or.th) for consideration to further exercise their voting rights.

### 4. Top 10 Major Shareholders as of the Most Recent Closing Date of the Share Register on 29 August 2018

Shareholders' List	Percentage of Shareholding	
	Number of Shares	Percentage
1 TANGMATITHAM FAMILY <sup>1)</sup>	629,729,805	30.07
2 THAI NVDR COMPANY LIMITED	135,728,649	6.48
3 SOCIAL SECURITY OFFICE	109,118,625	5.21
4 THE BANK OF NEW YORK MELLON	85,373,292	4.08
5 STATE STREET BANK EUROPE LIMITED	60,232,448	2.88
6 SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	56,236,975	2.68
7 THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	47,807,800	2.28

Shareholders' List	Percentage of Shareholding	
	Number of Shares	Percentage
8 UBS EUROPE SE, LUXEMBOURG BRANCH	44,331,250	2.12
9 SKANDINAVISKA ENSKILDA BANKEN AB	32,252,750	1.54
10 NORTRUST NOMINEES LTD-CL AC	23,975,721	1.14
<b>Total Top 10 Shareholders</b>	<b>1,224,787,315</b>	<b>58.48</b>
Others	869,597,066	41.52
<b>Total</b>	<b>2,094,384,381</b>	<b>100.00</b>

**Remark :** 1) The group of Mr. Prateep Tangmatitham and related persons pursuant to Section 258 of the Securities and Exchange Act (B.E. 2535) (1992) consists of 1) Mr. Prateep Tangmatitham 2) Mrs. Ajchara Tangmatitham holding 516,994,555 shares and 112,735,250 shares, or 24.69% and 5.38% respectively.

## 5. Policy on Dividend Payment of the Company and the subsidiaries

For sustainable growth, the Company has set dividend policy for the 2015 onwards to be not less than 35 percent of net income after tax of the separate financial statements. However, in case the Company still suffers accumulated loss, it will be not able to pay dividend as specified in its Articles of Association. In addition, subject to the Company's regulation on rights and duties of the debenture issuer, the Company can pay dividend in the amount of not more than 60% of the net profit of such particular year. Nevertheless, the Board of Directors may pay interim dividend to shareholders from time to time if deemed appropriate that the Company's profit is sufficient to do so, and report to the subsequent meeting of shareholders for acknowledgement.

Nevertheless, the Company has set up condition in maintaining the conditions for making dividend payment according to the Loan Agreement, that is, the Company shall not pay dividend, be it interim or annual dividend, or distribute any benefit or remuneration to any or all shareholders by any means or method unless all of the following events take place in a complete manner:

- (1) the Company has not breached the Loan Agreement and
- (2) the Company has presented the evidence for consideration by the creditors and is of the opinion that in the year in which any dividend and/or benefit and/or remuneration shall be paid, the Company has provided reserve in a sufficient amount to fully pay all the interest and principal due in the year in which any dividend and/or benefit and/or remuneration shall be paid.

For the subsidiaries, there is no certain policy regarding dividend payment, it depends on the operational result of each company each year.

# References

## Investor Relations

### **Supalai Public Company Limited**

1011 Supalai Grand Tower Building, Rama III Road, Chongnonsee, Yannawa, Bangkok 10120

Telephone 0-2725-8888 ext. 857

Fax 0-2687-0688

Website [www.supalai.com](http://www.supalai.com)

E-mail [ir\\_spali@supalai.com](mailto:ir_spali@supalai.com)

## Registrar

### **Thailand Securities Depository Company Limited**

93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Telephone 0-2009-9000

Fax 0-2009-9991

Call Center 0-2009-9999

Website [www.set.or.th/tsd](http://www.set.or.th/tsd)

E-mail [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th)

## Debenture Registrar: Unsecured Debenture No.3-4/2015, 1-2/2016, 1-2/2017 and 1/2018

### **Siam Commercial Bank Public Company Limited**

1060 Petchburi Road, Makkasan, Ratchathevee, Bangkok 10400

Telephone 0-2544-4049

Fax 0-2544-7475

Website : [www.scb.co.th](http://www.scb.co.th)



## External Auditor

### **Supachai Phanyawattano**

Certified Public Accountant (Thailand) No.3930

### **EY Office Limited**

33<sup>rd</sup> Floor, Lake Rajchada Office Complex 193/136-137 New Ratchadaphisek Road, Klongtoey, Bangkok 10110

Telephone 0-2264-9090

Fax 0-2264-0789-90

Audit Fee 2,450,000 Baht



# Supalai's Awards & Accolades

Throughout the period of 29 years in the real estate industry, Supalai Public Company Limited has been widely recognized with a great number of honorable awards and accolades from leading organizations, which reflects fairness, transparency, and best practices in business operations coupled with long-term sustainable growth.

The notable achievements of Supalai and its subsidiaries are as follows:

## 1. Awards for its potential regarding corporate management as listed below:

- In 2018, the Company received the “Drive Award 2018” in marketing category from the MBA Chula Alumni Association from the Faculty of Commerce and Accountancy - Chulalongkorn University. This award is given to the company with an outstanding marketing management in the following areas: building brand awareness, sustaining sales growth, executing effective marketing strategies, establishing continuity and novelty of marketing campaigns, promoting business technology and innovation, and displaying exemplary financial management, good governance, and social responsibility as an industry leader.



- In 2018, the Company received the “Thailand Top Company Awards 2018” amongst a group of outstanding real estate businesses for the second consecutive year. Such awards are given to companies with excellent performance, continuous product development, use of quality and standardized construction materials, and consistent service throughout the entire delivery process. It was organized by the University of the Thai Chamber of Commerce in cooperation with Business+ magazine in the ARIP Group.

- In 2018, the Company received the “Thailand Sustainability Investment (THSI)” award from the Stock Exchange of Thailand from the “SET Sustainability Awards 2018” event for the fourth consecutive year. This award commends and recognizes listed companies with sustainable business practices.



- In 2018, the Company has been ranked in the "Excellent" Group for the sixth consecutive year, based on the survey results on good corporate governance of listed companies in 2018. This survey was conducted by the Thai Institute of Directors in partnership with the Stock Exchange of Thailand and the Securities and Exchange Commission - Thailand.



- In 2018, the Company received the "Outstanding Investor Relations Awards" in the group of companies with market capitalization ranging from 30,000 - 100,000 million Baht from the Stock Exchange of Thailand in "SET Awards 2018 for the second consecutive year.

- In 2017, the Company received the "Thailand Top Company Awards 2017" in the group of real estate business. Such awards are given to companies with business operation potentials, good governance and social responsibility. It was organized by the University of the Thai Chamber of Commerce in cooperation with Business+ magazine in the ARIP Group.

- In 2017, the Company received the "Outstanding Investor Relations Awards" in the group of companies with market capitalization ranging from Baht 30,000 - 100,000 million from the Stock Exchange of Thailand in "SET Awards 2017"



- In 2017, the Company received the Thailand Sustainability Investment (THSI) or the award for being on the list of "Sustainable Shares of 2017" from the Stock Exchange of Thailand in "SET Sustainability Awards 2017" for the third consecutive year. This is the award to honor and commend listed companies with sustainable business practices.



- In 2017, the Company has been selected as one of the "Top 10 Companies of the Year 2017" by Money & Banking Magazine. This award is given to the top 300 listed companies including 96 companies listed on the MAI based on business fundamentals with profitable performance as of 2016. The ranking method is based on international standard criteria that reflects the overall efficiency of the company's management as measured by the size of the company, profitability and return on investment.

- In 2017, the Company has been ranked in the "Excellent" Group for the fifth consecutive year, following the results of the Good Corporate Governance Survey of listed companies in 2017 conducted by the Thai Institute of Directors jointly with the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand

- In 2016, the Company received Thailand Sustainability Investment (THSI) 2016 Award, by having been included on the list of sustainable shares, from the Stock Exchange of Thailand. The Company has received this award for 2 consecutive years.

- In 2016, the Company had been appraised regarding corporate governance of listed companies 2016 by Thai Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission, Thailand (SEC), whereby Supalai has been 1 of 80 companies to receive excellent score out of 601 companies under such survey for 4 consecutive years.

- In 2016, the Company received the "Investors' Choice Award" from the Thai Investors Association jointly with the Stock Exchange of Thailand; the Securities and Exchange Commission, Thailand (SEC) and the Federation of Thai Capital Market Organization, whereby Supalai was 1 of 47 companies being able to get the excellent score from the appraisal of organizing shareholders' meeting by getting full score for 4 consecutive years (2013-2016).

- In 2015, the Company received the "Outstanding Listed Company Performance Award" from the Stock Exchange of Thailand in "SET Awards 2015"





- In 2015, the Company received the “Best Under A Billion Award” from Forbes Asia at Sunway Resort Hotel and Spa in Malaysia as 1 of 6 companies in Thailand to receive such award being selected among listed companies in Asian region. The criteria applied was the amount of profits, continuous growth rate and future business opportunities.

- In 2014, the Institute of Directors jointly with the Stock Exchange of Thailand and the Securities and Exchange Commission Thailand, had conducted a survey and monitored the development of the corporate governance of listed companies in Thailand with the objective to prepare CGR report to provide an overall picture of corporate governance of listed companies in Thailand with recommendations, and to be information for securities analysts in order to support investment decisions. In 2014, the result of such annual survey and monitoring had placed Supalai Public Company Limited 1 of 29 companies that received the excellent score out of 550 companies under such survey.

- In 2015, the Company received the “Thailand Sustainability Investment 2015 Award”, or the award for being on the list of “Sustainable Shares of 2015” in “SET Sustainability Awards 2015”, which has been given to outstanding listed companies for sustainable business operations that has positive impact on the society.



- In 2015, the Company had been appraised regarding corporate governance of listed companies 2015 by the Thai Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission (SEC), whereby Supalai has been 1 of 55 companies to receive excellent score out of 588 Thailand companies under such survey.

- In 2013, the Company had been appraised regarding corporate governance of listed companies 2013 by the Institute of Directors Association (IOD), which has been supported by the Securities and Exchange Commission, Thailand, (SEC), whereby Supalai has been 1 of 87 companies to receive excellent score out of 526 companies under such survey.





- In 2010, the Company received the best performance award and recognition certificate for “Listed Company with Excellent Operational Results of 2010” from the Stock Exchange of Thailand in the SET Awards 2010 presentation ceremony. It is the only listed company to receive the award among the group of listed companies with market capitalization higher than Baht 10,000 million.

- In 2010, the Company received the “Best Under A Billion Award” from Forbes Asia Magazine. Supalai is one of 200 companies to receive such distinguished award considered and selected among 13,000 companies in the Asian region,



and 1 out of 9 Thai listed companies to receive this award as measured by the profits, growth rate, debt burden and future business opportunities.

## 2. Awards for Transparency and Good Corporate Governance as listed below:

- In 2018, the Company received the “Thailand Labor Management Excellence Award 2018” in large enterprises category from the Department of Labour Protection and Welfare, Ministry of Labour in recognition of an establishment with a labor management system that adheres to the International Standards.



- In 2016, the Company received a plaque of “Excellent Workplace” from the Social Security Office as an excellent workplace in implementing the laws correctly and completely.

- In 2014, the Company received the "Top Corporate Governance Report Awards" from the Stock Exchange of Thailand at the SET Awards 2014 event; such award has been given to listed companies having outstanding reports on compliance with good corporate governance practices.





### 3. The following awards are for corporate social responsibility:

- In 2018, the Company received the “Certificate of ESG100 Company” from ESG Rating of Thaipat Institute for the third consecutive year, which was chosen as one of the top 100 out of 683 listed companies in the Stock Exchange of Thailand that displays outstanding sustainable business practices in terms of environment, social responsibility, and good governance.



- In 2018, the Company received the “Sustainability Report Award 2018” in recognition category from the Stock Exchange of Thailand for the second time. This award was given based on the aspect of usefulness of company’s ESG disclosure towards stakeholders in the form of sustainability report.

- In 2018, the Company received the “Consumer Protection Thailand Call Center Award 2017” from the Office of the Consumer Protection Board; and the Company has received this award for 3 consecutive years.



- In 2018, the Company received a plaque from the Thai Chamber of Commerce in recognition for being an exemplary mentor in Big Brother Season 2 project by providing guidance and advice to SMEs in acquiring crucial business skills and developing products and services with sustainable growth.

- In 2017, the Company received “Certificate of ESG100 Company” from ESG Rating of Thaipat Institute for the second consecutive year. It has been selected from 656 companies listed on the Stock Exchange of Thailand as one of the top 100 outstanding listed companies that operate business sustainably in terms of environmental, social and good governance.

- In 2016, the Company received the Certificate of ESG100Company from ESG Rating of Thaipat Institute, whereby the Company was also selected as one of the top 100 outstanding listed companies that operate business sustainably in terms of environmental, social and good governance.



- In 2016, the Company received the “EIT-CSR Awards 2016” from the Engineering Institute of Thailand under the Royal Patronage.



- In 2016, the Company received Sustainability Report Award 2016, categorized of Recognition from the Stock Exchange of Thailand, which was considered from the aspect of usefulness of company’s ESG disclosure towards investor.

- In 2014, the Company received the “Consumer Protection Thailand Call Center Award 2014” from the Office of the Consumer Protection Board.

- In 2015, the Company received the “Consumer Protection Thailand Call Center Award 2015” from the Office of the Consumer Protection Board; and the Company has received this award for 2 consecutive years.



- In 2013, the Company received the Award for “Good Real Estate Developer of 2011-2012” from the Office of the Consumer Protection Board (CPB), the Prime Minister’s Office in the Starred Real Estate Projects CPB, whereby, 4 projects of Supalai had received such award, namely, Supalai Suvarnabhumi Project, Supalai Park Srinakarin Project, Supalai Park Yaek Tiwanon and Supalai River Place projects. This is the third time that Supalai had won such award consecutively.

- Also received in 2012 was the “Ratsadakorn-Pipat” award or the “Excellent Taxpayer 2011” award presented by the Revenue Department, Ministry of Finance in accordance with its “Integrity, Pride, and Contribution to the Nation” policy. This award is offered to any individual or corporate taxpayers who are worthy of praise and admiration as they file and pay taxes accurately, willingly and forthrightly. Such responsibilities also exemplify people’s good deeds and create confidence among citizens, entrepreneurs, agencies and organizations, while making them realize how their tax paying can immensely contribute to the country’s prosperity and stability.



- In 2012, the Company as the owner of Supalai Grand Tower Building received the award for “Safe Building, Feeling Good All Over the City” from the Bangkok Metropolitan Administration. It was given as a complementary for good management of the building in the project for participation in safety of houses and buildings organized by the Office of Civil Works of Bangkok Metropolitan Administration.

- In 2012, Supalai Public Co., Ltd. received a plaque in honor of the “Ruam Raeng Thai, Raksa Nam Sai Thuk Khu Khlong” project (Canal Dredging and Cleaning Project) for joining to help maintain the good quality of canal water in a sustainable manner. The plaque was bestowed upon the Company by Prime Minister Yingluck Shinawatra, who chaired the award-giving ceremony.

- In 2010, the Company received the “Good Property Developer Award of 2009 - 2010” from the Office of the Consumer Protection Board, Office of the Prime Minister in the Real Estate Star Project; and Supalai has received this award for 2 consecutive years already.



- In 2008, the Company received the Award for “Good Property Developer Award of 2007-2008” from the Office of the Consumer Protection Board of the Prime Minister’s Office in the project to select good property developers.



- In 2003, the Company received the Award for “Developer who Preserves Consumers’ Advertisement Rights: Fair Advertisement of Products and Services for Consumers” from the Consumer Protection Board of the Prime Minister’s Office.

#### 4. The following awards are for being the leader in excellent product development:

- In 2018, the Company received a total of three “Housing Awards 2018” from the Department of Alternative Energy Development and Efficiency for outstanding and energy efficient homes as follows:

- Supachitra House Style (new)  
at Supalai Prima Villa Rama 2 – Bang Khun Thian
- Supasiri House Style  
at Supalai Essence Ladprao
- Supharat House Style  
at Supalai Prima Villa Rama 2 – Bang Khun Thian



- In 2018, the Company received two plaques of “Excellent Property Project Award 2018” from the Agency for Real Estate Affairs (AREA) for Supalai Parkville Pinkalo - Kanchana in the “affordable single home” category and Supalai City Resort Chaengwattana in the “affordable condominium” category. These awards were selected from “Valuable Purchase” project based on affordable price, location, materials, layout, design, energy efficiency, and bonus gifts.

- In 2018, Supalai Veranda Ratchavipha - Prachachuen received the “Building Plan’s Energy Conservation (BEC) Awards 2018” in the condominium category for passing the Building Energy Code (BEC) that is designed to conserve energy from the Department of Alternative Energy Development and Efficiency.



- In 2018, two of the Company’s condominium projects, Supalai Wellington and Supalai Monte @ Viang Chiangmai, received certificates of completion in passing PEAT 2018 (Property Export Awards Thailand) standards from National Institute of Development Administration (NIDA) - Center for Competitiveness Research in

collaboration with the Association of Thai Real Estate Development, Association of Siamese Architects, National Housing Authority, Office of the Consumer Protection Board, and Department of International Trade Promotion.



- In 2018, the Company received the BCI Asia Top 10 Developers Awards 2018 from BCI Asia Construction Information Company Limited and Future Arc Journal for the eighth consecutive year. The award was presented to Supalai Veranda Rama 9.



- In 2017, the Company received "Thailand's Top Brand Trust Index in the Real Estate Industry 2017" from Chulalongkorn University. This is the prize that guarantees which brands are most trusted by consumers, whereby the systematic research process is based on academic principles. The Consumer Confidence Index, the Trust Barometer and the Service Marketing Mix are used for data analysis with high-level statistical tools to screen for trustworthy brand index in the real estate industry, that is academically correct. Supalai Public Company Limited is the brand that has been trusted by condominium consumers who voted for the best value.

- In 2017, the Company received BCI Asia Top 10 Developers Awards 2017 from BCI Asia Construction Information Company Limited and Future Arc Journal. The awards were presented to three condominium projects, namely, Supalai Light Ratchadaphisek - Narathiwat - Sathorn, Supalai Loft Kaerai Station and Supalai Loft Talardplu. The Company has received this award for 7 consecutive years.



- In 2017, the Company received a plaque of "Excellent Property Project Award 2017" for Supalai Wellington 2 Project in the category of "condominium" from the Information, Research and Evaluation Centre of Thailand of Agency For Real Estate Affairs Co., Ltd.

- In 2016, the Company received a plaque of "Excellent Property Project Award 2015" for the Supalai Prima Villa Phaholyothin 50 Project for the type of "Single House", and Supalai Bella's Ring Road - Rama II Project for the type of "Townhouse" from the Information, Research and Evaluation Centre of Thailand of Agency For Real Estate Affairs Co., Ltd. The award was given to selected "'Worthy of Buying" projects based on reasonable price, location, materials, format, designs and environmental conditions in the project.





- In 2016, the Company received the “BCI Asia Top 10 Developers Awards 2016” from BCI Asia Construction Information Company Limited and Future Arc Journal. It has received such award for 6 consecutive years. It is the award given to Thailand’s property developers selected for the outstanding and quality project design that is also environmentally friendly.



- In 2016, the Company received the Think Of Living People’s Choice Awards 2016 in the category of Editor Choice 2016. Award was given by the Think Of Living Website (Online Media on Real Estate) selected from 7 outstanding real estate projects of 2016, and Supalai projects were qualified as finalists in 2 categories, namely, High-rise Condominium Development: Main Class, for Supalai Riva Grand Project and the Best High-rise Condominium Development: Affordable, for Supalai Park Ratchavipha Project.

- In 2015, the Company received the “BCI Asia Top 10 Developers Awards 2015” from BCI Asia Construction Information Company Limited and Future Arc Journal. Supalai has received this award for 5 consecutive years. It is the award given to Thailand’s property developers selected for outstanding construction products that are also environmental friendly.

- In 2015, the Company received 4 Good Awards for “Excellent Energy Conservation House 2014” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. They consist of

- Award for Excellent Energy Conservation Housing for Supa Lakhana House Design of Supalai Ville Outer Ring Road - Rama 2 Project
- Award for Excellent Energy Conservation Housing for Supanat Housing Design of Supalai Ville Outer Ring Road - Rama 2 Project
- Award for Excellent Energy Conservation Housing in terms of architecture for Supadumrong Housing Design of Supalai Garden Ville Srinakain - Bangna Project
- Award for Excellent Energy Conservation Housing in terms of architecture for Supawattana Housing Design of Supalai Garden Ville Srinakain - Bangna Project

Regarding all of the above, Supalai has been a property developer that received most of the awards, which have been given to property developers that attach importance to energy conservation housing designs, and be a good role model for the society.





- In 2014, the Company received a plaque and certificate of “BCI Asia Top 10 Developers Awards 2014” from BCI Asia Construction Information Company Limited and Future Arc Journal. Supalai has received this award for 4 consecutive years. The awards had been given due to the designs and development of construction projects of the Company, which have been widely accepted by the consumers.



- In 2013, the Company had also received “BCI Asia Top 10 Developers Awards 2013” in the form of plaque and certificate from BCI Asia Construction Information Co., Ltd. and Future Arc Journal, whereby Supalai had received this award for the 3rd time consecutively as one of the top 10 property developers in Thailand to receive this award. The award had been given by taking into consideration the design and the development of the construction projects of the Company, which have been widely accepted by the consumers.

- By taking the outstanding design and construction development of a housing project into account, the Company was one in ten real estate developers in Thailand that won the “BCI Asia Top 10 Developers Awards 2012” organized by the BCI Asia Construction Information Co., Ltd. and FuturArc Journal. The four projects which earned the Company this award comprised Supalai Premier Asok, Supalai Park Khae Rai-Ngamwongwan, Supalai Park Ekkamai-Thong Lor and City Resort Ratchada-Huai Kwang.



- In 2013, the Company was awarded "BV Symbol of Confidence in International Standard" of Bureau Veritas Certification (Thailand) Ltd. (BVC). Such award has been given by taking into consideration the application of ISO 9001, the accreditation system of BVC as part of the advertising media of the Company, which has been extensive, efficient, correct according to the rules, beautiful and creative.
- The Company, also in 2012, won accolades for the “Outstanding Real Estate Project 2012” for the Supalai Parkville Romkiao-Suvarnabhumi project in the category of “detached house” and the Supalai Park @ Tiwanon Junction project for “condominium”, which were presented by the Research and Evaluation Center for Thailand’s Real Estate, Agency for Real Estate Affairs Co., Ltd. (AREA). This award represents a housing project which comprises the “worth-buying” features, by taking into account its price, quality, location and materials, as well as the style, design and the environment within the project.

- In 2011, received the “Thailand Property Awards 2011” in the category of Best Affordable Condo Development (Bangkok) for Supalai Park @ Tiwanon Intersection and Supalai Premier Ratchada-Narathivas-Sathorn from Property Report Magazine.



- In 2011, the Company has received the plaque of honor for the “Excellent Property Development Project 2011” for Supalai Park Ratchaphruek-Phetkasem Project from the Thai Real Estate Research and Assessment Center of Agency For Real Estate Affairs Co., Ltd. Such award is for the “Value for Money” projects by taking into consideration suitable price (price per square meter), location, materials, patterns and designs of the environment of the project as well as additional giveaways.

- In 2011, the Company has received “Top 10 Developers Awards 2011” from BCI Asia as one of top 10 property developers in Thailand. Such award has been given due to the designs and development of construction projects of the Company, which are extensively acceptable by the consumers.

- In 2010, the Company has just received a Complementary Award of the “Urban Design Award 2009” at the organizational and professional level in the category of project for master planning of group of buildings for Supalai Casa Riva project from the Thai Urban Architects Association.



- In 2011, the Company has been awarded altogether 27 sets of “Certified Energy Conservation Building Label 2011” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy for 13 housing designs.



- In 2009, the Company received the “Certified Energy Conservation Building Label 2009” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy for 5 house designs, they are, best label for Supapat (new) design and good labels for Supadarul (new) design, Supawanna design, Supivat design and Supanuch (special) design.

- In 2009, the Company received the “Living in Thailand Award of Excellence 2008” in the category of special Reader’s Choice Award for Best Designed Property from Living in Thailand Magazine.

- In 2008, the Company received a Good Award for “Excellent Energy Conservation House” for Supanuch (special) design and the Supadarul (new) design in the category of small detached house of Supalai Garden Ville Outer Ring Road Pinklao-Rama 5 project from the Department of Alternative Energy Development and Efficiency , Ministry of Energy.



**บ้านสุภาลัย**  
**ได้รับรางวัล**  
**บ้านจัดสรรอนุรักษ์พลังงาน**  
**จาก กระทรวงพลังงาน 3 ปีซ้อน**

- In 2007, the Company received a Good Award for “Excellent Energy Conservation House” for Supavat (new) design in the category of small detached house of Supalai Garden Ville Outer Ring Road Pinklao-Rama 5, and Supatarin design in the category of medium detached house of Supalai Suvarnabhumi from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

- In 2005, the Company received an Outstanding Award for “Excellent Energy Conservation House” for Supivat design in the category of small detached house of Supalai Orchid Park Watcharapol and Supakarul design in the category of medium detached house of Supalai Orchid Park Rama 2 from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

## 5. The professional awards for the Company’s executives are as follows:

- In 2018, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, received the “Right Livelihood Person of the Year 2018” award from Right Livelihood Foundation in recognition for continuing to be a role model to society and operating business in a manner that aligns with the foundation’s core principles, does not focus solely on making profits, and prioritizes employees’ happiness and well-being as well as consumers’ benefits without affecting the environment.



- In 2018, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, received the “Quality Persons of the Year 2018” award from the Foundation of Science and Technology Council of Thailand for model and quality individual in the real estate business sector.

- In 2018, Supalai Public Company Limited, received “Thailand Headlines Person of The Year Awards 2018” in the economic and social field for the second consecutive year. Such awards are given to outstanding and well-established individuals who play a key role in driving the economy and society, have gained credibility through various interviews on social media and other media platforms, and have contributed in building and maintaining good international relations between Thailand and China.



- In 2017, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, received “Thailand Headlines Person of The Year Awards 2016-2017” in the economic and social field. Such awards are given to outstanding and well-known individuals in a variety of professional fields, whose interviews appeared in various types of media and social media and have also contributed to the good relations between Thailand and China. The awards are organized by Chiaranai Entertainment Company Limited.



- In 2015, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited, received “Outstanding CEO Award 2015 from the Stock Exchange of Thailand in “SET Awards 2015”



- In 2014, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited had been awarded the "Khon Dee Sri Suan" (Outstanding Member of Suan Kularb), which is an award of honor for 1 outstanding alumni member of each class in the commemoration event of the 11 cycle or 132<sup>th</sup> anniversary of the establishment of Suan Kularb School.







- In 2014, Mrs. Ajchara Tangmatitham, Executive Vice President of Supalai Public Company Limited had been conferred a royal decoration of Companion (Fourth Class) of the Most Admirable Order of the Direkgunabhorn due to her dedication to continually do good deeds beneficial to the country and the people by donating personal fund to Thammasat Hospital to improve phase 2 of the special orthopedic patient ward on the 6<sup>th</sup> Floor of Kittiwattana Building.



- In 2013, HRH the Crown Prince had conferred an honorary Ph.D. Degree of Science in the field of Innovation In Property Development to Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited at the main conference hall of Thammasat University on 1 August 2013.

- In 2013, Dr. Prateep Tangmatitham, Chief Executive Officer of Supalai Public Company Limited was awarded a plaque of honor as "Outstanding Person of the Year 2012 in the Field of Arts and Culture" from King Prajadhipok Institute's Society, which was presented by Mr. Somsak Kiatsuranon, the President of the National Assembly at Ratripradabdaw Commemoration Night in 2013.

- In 2009, Mrs. Varunee Lapitananuvat, Senior Assistant Managing Director of Finance and Accounting of Supalai Public Company Limited received the "Analysts' Popular CFO Award of 2009 in the Category of Real Estate and Construction Material Business" from the Securities Analysts Association.

## 6. Awards indicating the management potential of Supalai Group comprise:

- In 2010, Haadyai Nakarin Co., Ltd. received the "Good Corporate Governance Award" in terms of transparency and integrity from the National Counter Corruption Commission.

- In 2009, Haadyai Nakarin Co., Ltd. received the Thai Chamber of Commerce Business Ethics Standard Test Award 2009" from the Thai Chamber of Commerce.

- In 2008, Haadyai Nakarin Company Limited received the Award for "Excellent Ethical Conduct" from the Chamber of Commerce of Songkhla Province for being the organization with ethical management according to the ethical principles of the Chamber of Commerce.



# Performance Review

## Financial Highlights 5 Years

Financial Data					
(Unit : Million Baht)					
	2014	2015	2016	2017 (Restated)	2018
Contractual sales	19,386	23,011	23,591	30,424	33,009
Revenues from sales of real estate	18,270	20,999	22,902	24,401	25,203
Total revenues	18,671	21,523	23,492	25,573	25,810
Profit before income tax expenses	5,722	5,692	6,262	7,368	7,291
Profit for the year	4,478	4,349	4,887	5,814	5,770
Total assets	38,031	47,287	51,680	55,746	57,704
Total liabilities	20,053	26,837	28,068	27,335	22,982
Total shareholders' equity	17,977	20,450	23,612	28,411	34,722
No. of Outstanding Shares (Million Shares)	1,716.55	1,716.55	1,716.55	1,716.55	2,143.08
Earnings per share (Baht)	2.61	2.53	2.85	3.39	2.92
Par value (Baht)	1.00	1.00	1.00	1.00	1.00
Book value per share (Baht)	10.47	11.91	13.76	16.55	16.20
Dividend per share (Baht)	1.00	1.00	1.05	-	1.00



Financial Ratio					
	2014	2015	2016	2017 (Restated)	2018
Gross profit margin from sales of real estate (%)	42	38	38	37	38
Net profit margin (%)	24	20	21	23	22
Return on equity (%)	25	21	21	20	17
Return on total assets (%)	12	9	9	10	10
Net gearing (Times)	0.66	0.95	0.87	0.68	0.39

## Significant Information for Shareholders

### The Annual General Shareholders' Meeting of year 2019

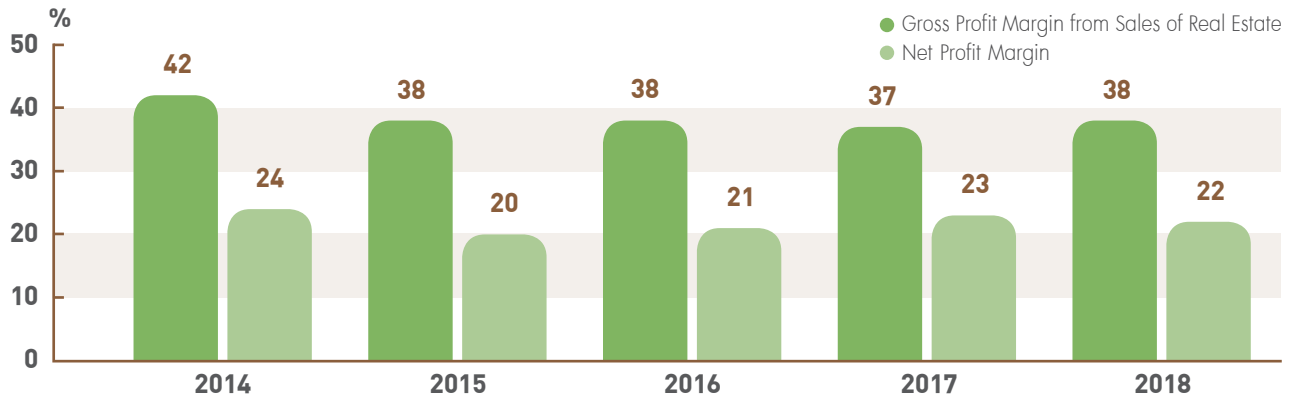
April 23, 2019 at 2.00 p.m.

at Supalai Grand Tower Building at Meeting Room, 33<sup>rd</sup> Floor,

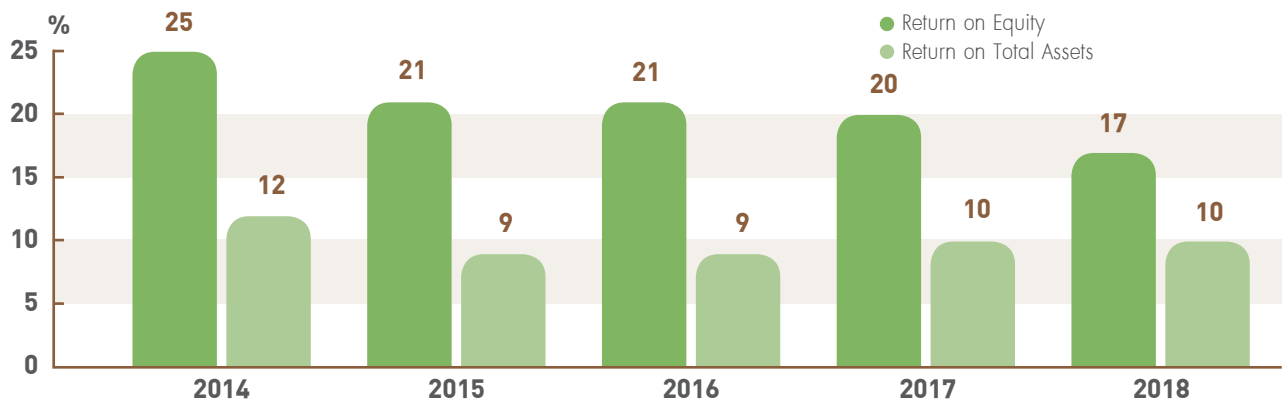
1011 Rama III Road, Chongnonsee Subdistrict, Yannawa District, Bangkok 10120.

<b>Dividend Payment</b>	: 1.00 Baht per share
<b>Interim Dividend</b>	: 0.40 Baht per share
<b>The Dividend for the Second-half-year Operations</b>	: 0.60 Baht per share
<b>Dividend Payment Date</b>	: 08 May 2019

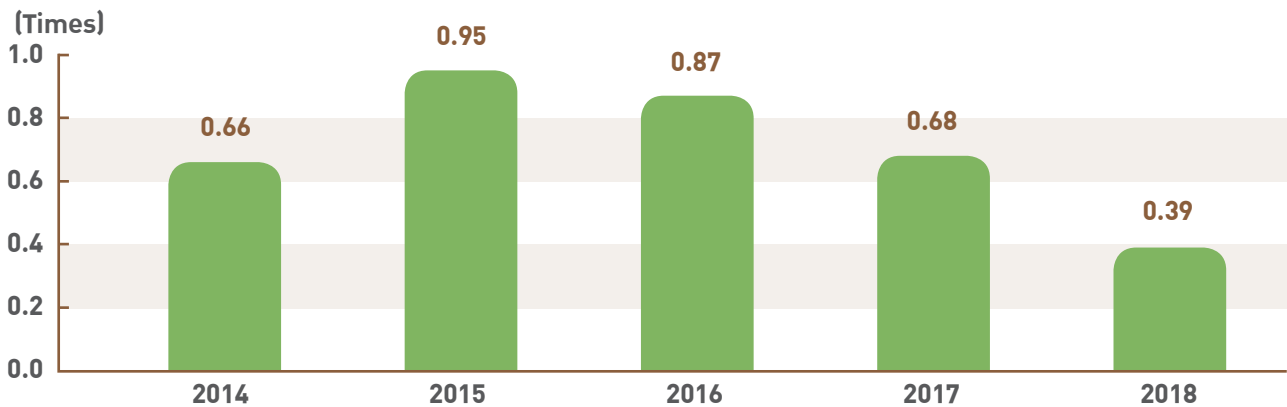
## Gross Profit Margin from Sales of Real Estate and Net Profit Margin



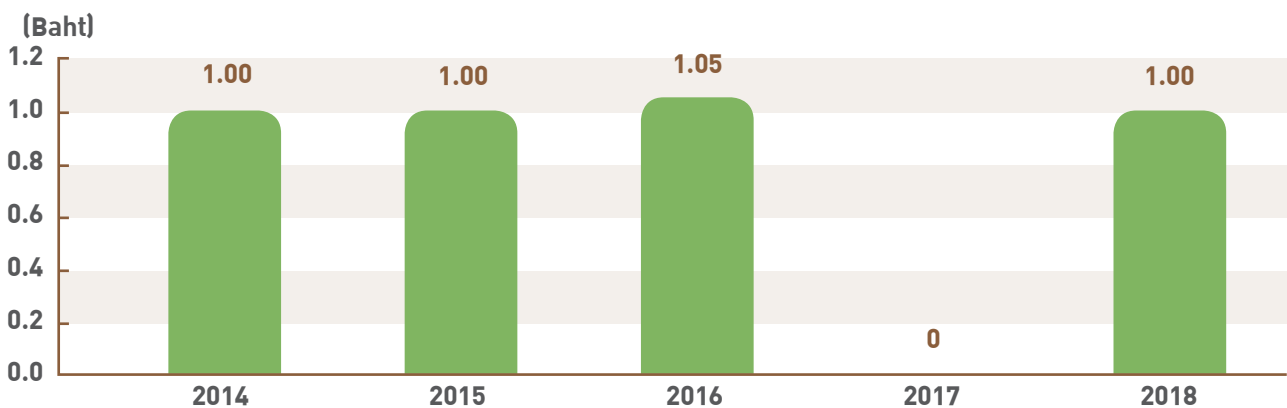
## Return on Equity and Return on Total Assets



## Net Gearing



## Dividend per Share



## Analysis of Financial Position and Operational Results

### 1. Table of Summary of Operational Results

	Year 2017 (Million Baht) (Restated)	Year 2018 (Million Baht)	Increase (Decrease) Percent (%)
Total revenues	25,572.57	25,809.53	1%
Revenue from sales of real estate	24,400.65	25,203.08	3%
Selling and administrative expenses	2,652.29	2,812.66	6%
% Selling and administrative to total revenues	10.4%	10.9%	-
Profit before income tax expenses	7,368.36	7,291.33	(1%)
Income tax expenses	1,488.92	1,448.72	(3%)
Effective income tax expenses rate (%)	20.2%	19.9%	-
Profit for the year	5,813.69	5,770.42	(1%)
Net profit margin (%)	22.7%	22.4%	-
Basic earnings per share (Baht)	3.39	2.92	(14%)
Diluted earnings per share (Baht)	3.25	2.92	(10%)

The Company and its subsidiaries elected to early adopt TFRS 15 Revenue from Contracts with Customers by using the full retrospective method of adoption per details stated in Note to Financial Statement No. 3. (b)

- The revenue from sales of real estate in the amount of Baht was 25,203.08 million or increased of Baht 802.43 million or 3% from the last year, divided into the revenue of 55% from the transfer of ownership of detached houses and townhouses and the remaining 45% from the transfer of ownership of condominiums. The revenue was increased mainly due to increase in sales.
- Total revenue was increase Baht 236.96 million or 1% from the last year due to the increase in the revenue from sales of real estate as stated above. However, in third quarter of 2017, a subsidiary in Philippines entered into the sale agreement of rental office building, totaling PHP 1,620 million. The subsidiary recorded gain on disposal of rental office building amounting to PHP 668 million (amounting to Baht 451 million) so total revenue was slightly increase when compare with the last year.
- Selling and administrative expenses to total revenue was 10.9% that was increased from 10.4% of the last year. This is mainly due to the increase in number of projects.
- Net profit was Baht 5,770.42 million or decrease of Baht 43.27 million or 1% from the last year, mainly due to gain on disposal of rental office building, as mentioned above. Therefore, basic earnings per share was Baht 2.92 per share or decrease from Baht 3.39 per share of the last year. In October 2017, the Company issued the Company's warrants No.4 to existing shareholder. Number of exercised warrants in 2017 is shares 427 million. The Company's warrants No.4 was expired on October 20, 2018, as a result, diluted earnings per share was Baht 2.92 per share as of 2018 and Baht 3.25 per share as of 2017.

## 2. Table of Summary of Financial Status

	Year 2017 (Million Baht) (Restated)	Year 2018 (Million Baht)	Increase (Decrease) Percent (%)
<b>Assets</b>			
Cash and cash equivalents	513.52	1,055.75	106%
Current investments	1,260.49	628.62	(50%)
Costs of property development projects for sales	49,509.87	50,543.07	2%
Other long-term investments	1.67	401.31	23,931%
Asset recognized from costs to obtain a contract with a customer	38.16	402.42	955%
Other assets	4,422.54	4,672.60	6%
<b>Total assets</b>	<b>55,746.25</b>	<b>57,703.77</b>	<b>4%</b>

The total amount of assets in 2018 was increased from 2017 by approximately 4%, main reasons were as follows:

- Cash and cash equivalents was increased by 106% due to the increase in revenue from sales of real estate of the Company and its subsidiaries, of which the details is stated in No. 3 Table of Summary of Liquidity and Cash Flows.
- Current investments was decreased by 50% because a foreign subsidiary sold investment in government bonds for repayment of loan from the Company in 2018.
- The cost of property development projects for sales was slightly increased by 2% due to increase in amount of construction cost of the selling projects and backlogs to be transferred to customers.
- Other long-term investments was increased by 23,931%, mainly due to investment of approximately USD 10 million (Baht 321 million) in private debt securities in the Vietnam of the Company in 2018. The Company has presented the investment as held-to-maturity securities. Additionally, a subsidiary invested in domestic equity securities amounting to Baht 79 million in 2018. The subsidiary has presented the investment as an investment in available for sale securities.
- Asset recognized from costs to obtain a contract was increased by 955% because the Company and its subsidiaries elected to early adopt TFRS 15 Revenue from Contracts with Customers by using the full retrospective method of adoption.

	Year 2017 (Million Baht) (Restated)	Year 2018 (Million Baht)	Increase (Decrease) Percent (%)
<b>Liabilities and shareholders' equity</b>			
Bills of exchange payable	2,976.86	1,996.49	(33%)
Deposits and advances received from customers	3,763.84	4,844.40	29%
Long-term loans from banks	2,589.00	78.30	(97%)
Debentures	14,391.64	12,693.04	(12%)
Other liabilities	3,613.99	3,369.86	(7%)
<b>Total liabilities</b>	<b>27,335.33</b>	<b>22,982.09</b>	<b>(16%)</b>
<b>Total shareholders' equity</b>	<b>28,410.92</b>	<b>34,721.68</b>	<b>22%</b>
<b>Net Gearing Ratio (%)</b>	<b>68%</b>	<b>39%</b>	

The total liabilities of 2018 was decreased from 2017 approximately 16%, mainly due to the increase in revenue of the Company and subsidiaries and repayment of loans by using cash flow from operating activities. The details were as follows.

- Bills of exchange payable was decreased approximately 33% because the Company repaid bills of exchange payable in 2018.
- Deposits and advances received from customers was increased by 29%, mainly due to increase in sales. So, the company and its subsidiaries received more amount of down payment from customers.
- Long-term loans from banks was decreased by 97% because the Company used cash inflows from revenue from sales of real estate to repay long-term loans.
- During 2018, the Company paid for the redemption of debentures which were due in the amount of Baht 4,700 million and issued debentures amounting to Baht 3,000 million, of which the financial cost was lower than the project loan.
- The net gearing ratio was 39% as at December 31, 2018, which was decreased from the level of 68% as at December 31, 2017, mainly due to repayment of long-term loan and redemption of debentures by using cash flow from operating activities of the Company and its subsidiaries. Additionally, shareholders' equity was increased due to the exercised Company's warrants No.4.

### 3. Table of Summary of Liquidity and Cash Flows

(Unit: Million Baht)

	Year 2017 (Restated)	Year 2018
Net cash flows from operating activities	2,612.10	5,009.04
Net cash flows used in investing activities	(432.09)	(13.72)
Net cash flows used in financing activities	(2,270.90)	(4,387.95)
Translation adjustments	35.35	(65.14)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(55.54)</b>	<b>542.23</b>

The table shown that in 2018, the Company and its subsidiaries have net cash flows from operating activities more than last year due to the increase in the revenue from sales of real estate and others income. Net cash flows used in investing activities was decreased because a foreign subsidiary sold investment in government bonds for repayment of loan from the Company. Also, net cash flows used in financing activities for the year 2017 was Baht 2,270.90 million, mainly due to repayment of long-term loan and redemption of debentures. For the year 2018, it was Baht 4,387.95 million, mainly a result of repayment of bills of exchange payable, repayment of long-term loan and redemption of debentures, and cash received from exercised the Company's warrants No.4.

As of December 31, 2018, the Company and its subsidiaries have backlog revenue from waiting to be transferred the ownership of house and/or condominium Baht 42,529 million. The Company and its subsidiaries expect to transfer additional Baht 13,407 million of these backlogs over the year 2019, and Baht 29,122 million over the next 3 years. The backlog means total value of house and/or condominium sold but awaiting to be transferred, then the Company and its subsidiaries could recognize the revenue according to the Thai Accounting Standard, recognizing in full when ownership is transferred.





# Corporate Social Responsibility

Supalai Public Company Limited has been committed to the business of real estate development with the concept of **"SUPALAI... WE CARE FOR THAI SOCIETY"** for such a long period of 29 years, with an emphasis on creating better quality of life of the people in the society according to a strong sense of corporate social responsibility (CSR), which has been transferred into a variety of activities, such as providing knowledge, education, knowledge on environment, culture, family, health, community and religions, all of which is truly beneficial to the society.

## ● Free Trainings and Seminars to Provide Knowledge to the Public

The Company has organized free seminars on various types of knowledge to Supalai customers, Supalai fan club members, the general public, Supalai employees and press.

The Company, in cooperation with leading organizations, has organized seminars to provide insights and information on various subjects that are interesting and applicable to daily life, such as tips on different kinds of investment i.e. "Identifying the direction of investment in Thailand 4.0 " by Dr. Suwarn Valaisathien, advices on self-care i.e. "7 tips for achieving a better, healthier lifestyle" by Dr. Sant Chaiyodsilp and "Tips for aging well and healthier brain, away from Dementia and Alzheimer's disease" by Asst. Prof. Dr. Sirintorn Chansirikanchana, and DIY home projects i.e. "Ideas on how to decorate your condo balcony garden like a professional" by Ms. Isara Paengsri.



**"Identifying the direction of investment in Thailand 4.0"**



**"Tips for aging well and healthier brain, away from Dementia and Alzheimer's disease"**



**“7 tips for achieving a better, healthier lifestyle”**



**“Ideas on how to decorate your condo balcony garden like a professional”**

Also, there is a variety of co-hosted seminars and workshops in collaboration with other organizations that focus on useful topics such as "Tips for decorating and increasing the appeal and living condition of small-space homes" with Index Living Mall Public Company Limited, and “The miracles of Yoga... in therapy” with Thai Yoga Institute. The interested parties can view the recordings of these events through Supalai Channel on Youtube



**“Tips for decorating and increasing the appeal and living condition of small-space homes”**



**“The miracles of Yoga... in therapy”**



## ● Educational Activities

The Company set up development projects for many schools, universities, educational institutions on various aspects from donation of land to build Suankularb Wittayalai School of Rangsit, building school buildings, lecture rooms, donation of vehicles and cooperated with the Faculty of Architecture of Thammasat University on academic and research projects, the Company has also provided donations to needy schools in rural areas.

The management and employees of the Company in collaboration with the University of Illinois Alumni Association organized donation of education and sports supplies with the objective to share happiness with the children in rural schools that have resource scarcity, such as Ban Huay Poon School in Surin Province, Ban Hinkong School in Sra Kaeo Province, Ban Kokklang Nonglai Pittaysan School in Khon Khaen Province, Samakki Tham Ratbumrung School in Nakhon Sawan Province and Ban Romklao 3 School in Tak Province.



And donation had been made both in monetary and material to improve the cafeteria and library as well as water tank, water pump and sports equipment to Ban Pang Pei of Nan. Besides, there had been development and improvement of multi-purposes building, library, children's playground with the donation of computers, sports equipment for educational purposes to Wat Taiyor School of Songkhla. Financial support was provided to build classrooms, water tank and renovate the library to Ban Khunklang School of Chiangmai Province. The Company had also further restored 2 schools suffered from floods in Nakhon Sri Thammarat Province, by making donation of money and materials, books with shelf, water pump and water tank. It had also repaired school buildings, multi-purpose building and the children's playground at Wat Tha Nakorn School; and repaired the library at Ban Bang Krabue School according to the policy of "Saeng Prateep" Project Tha Nakorn





**School and Baan Banggrabue School of Nakorn Si Thammarat Province**



**Ban Khunklang School of Chiangmai**



**Wat Taiyor School of Songkhla**





### Ban Pang Pei of Nan

By creating the “Nong Im Dee Pee Im Sook” project, the Company focused on the sustainability and quality of children’s lunch, thus creating long-term benefits in accordance to the sufficiency economy philosophy, a way to sustainable happiness,

The first school, chosen to participate in the above project, was Ban Na Muang School in Ubon Ratchathani Province, which has experienced food shortage and lacked a water storage system including a clean drinking water supply. The Company has improved areas that generate food sources by creating vegetable plots, fish cement ponds, and a mushroom farm that are organic, clean, and safe to create a sustainable source of clean and safe food. Furthermore, the Company has provided comprehensive knowledge in managing working capital for building lunch funds in the long term.



### Ban Na Muang School of Ubon Ratchathani

In addition, the company donated 15 rai of land in the area of Rangsit Canal 4, Pathumthani Province to the Education Department of the Ministry of Education to build Suankularb Wittayalai School of Rang sit and donated Baht 2,000,000 to the Faculty of Architecture and Planning, Thammasat University, to support the building of the Center of Innovative Urban, Community and Real Estate Development.

Dr.Prateep Tangmatitham, President, together with Ms. Ajchara Tangmatitham, Executive Vice President, generously made their personal contributions on behalf of Supalai Public Company Limited at the “30 Years of Giving” charity concert, to the TISCO Foundation where these contributions were consequently allocated as scholarships given to students in need nationwide and the Company donated copies of the book titled “Sustainable Wealth and Happiness” written by Dr.Prateep Tangmatitham, to rural schools in Chiang Mai, Khon Kaen, Songkhla, Saraburi, Phuket, Chon Buri, Surat Thani, Rayong, Udorn Thani and Nakhon Ratchasima provinces, as a source of knowledge mutually used by both teachers and students.

## ● Environmental Conservation Activities

The Company attaches importance to the responsibility to jointly conserve the

environment in response to the policy of creating energy efficient homes that are environmental friendly to match the statement "Supalai Save Our World Save Your Money", which has been transferred to environmental conservation activities, such as the executives of Supalai and the media had jointly with school administrators participated in planting trees to restore green space at Surat Pittaya 2 School of Surat Thani Province, also with the media in the mangrove reforestation in order to bring about affluence to the ecological system at Toonkramom Mangrove Forest in the Sirindhorn International Environmental Park of Petchaburi Province, the release of sea turtles at the Sea Turtle Conservation Center of the Navy in Chonburi Province, and the reforestation of Thai literature plants at Banpang Sammakki School, Kaengkoai District of Saraburi Province. Recently, the Company also participated in the project of “Joint Effort to Maintain Clean Water in Every Canal” organized by the Ministry of Finance in order to keep canal water clean in a sustainable manner.



## ● Art and Culture Activities

The Company organized a book and photo exhibition for charity entitled “Prateep’s Vision 2” at Bangkok Art and Culture Center. This book was created and designed for charity. It is a book that is illustrated in photographs and literary philosophies. There were 78 photographs in the exhibitions and all of the proceeds were donated to build the





Nawamintharabopit Building 84th Birthday Anniversary of King Rama 9. The total amount of proceeds was Baht 7,570,000. The books and the photographs from the exhibition would be given to those who have donated and contributed to the building of Nawamintharabopit Building, 84th Birthday Anniversary of King Rama 9 of Siriraj Hospital.

Therefore, on the occasion of the 25<sup>th</sup> anniversary of its business operations, the company has organized special social creative events in various forms, such as

- **The Sculpture Contest** jointly with the Department of Sculpture, the Faculty of Painting, Sculpture and Graphic, Silpakorn University by inviting artists and those interested in creating works under three topics: the "happiness, love or prosperity."

- **The Photography Contest** under topic: "Happiness in SUPALAI" by inviting SUPALAI families and SUPALAI employees to share happiness through photographs.

- **The Essay Contest on Happiness in SUPALAI** by inviting SUPALAI families to convey the feelings and opinions on residing in Supalai residential projects.

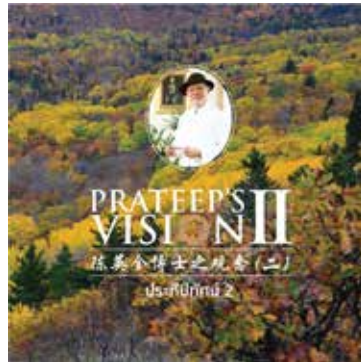


Moreover, the Company held a charity art show titled. **"The Power of Happiness from Nature and Goodness"** at Lifestyle Hall, 2<sup>nd</sup> Floor of Siam Paragon Shopping Center. That was a creation of Chinese brush paintings, and the proceeds from the sale of art works was totally Baht 4,000,000 baht, which was given to Thammasat University Hospital. The displayed paintings have been given to the donors.

In 2010, the Company had organized the art exhibition under the theme of **"Creative Power"** at Life Style Hall, 2<sup>nd</sup> floor of Paragon Department Store, and the proceeds from the sales of 56 pieces of art works in the exhibition in a total amount of Baht 2,400,000 had been offered to Princess Mahachakkri Sirindhorn for charity activities of the Thai Red Cross. Also some art works were presented to the Princess.

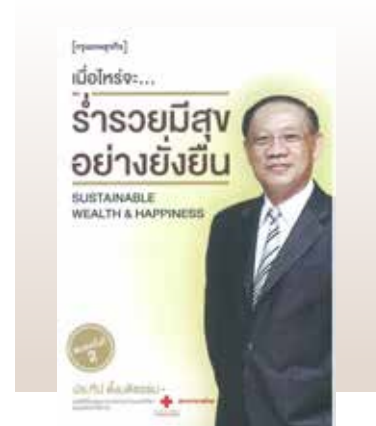


## ● Activities for Producing Media for both Dharma and Worldly Knowledge



The Company had produced knowledge books to be given away free to Supalai families and the general public by selecting information that is useful in all aspects, such as knowledge about health, Feng Shui, Dharma principles for leading the life, etc. in order to offer happiness during every new year occasion. The books published are Prosperous Life, Blessed Life, Auspicious Plants, Long Life, Good Health, Happy Life, Conquer the Disease, Conquer the Age, Victory in Life, Power of Breath, Creating Life Power, Light for Life, Learning about Feng Shui, Knowing the Path to Happiness, Smiling Heart, Key to Heaven and Creation of Happy Life, Knowledge of the Household, Quotes, Our House of Happiness, Prateep Philosophy, "Happy Garden - Happy Home", Prateeptat 1 and Prateeptat 2 that are collections of photos and philosophies which are valuable for leading one's life, and most recently, "The Book to a Joyful Life" which is a book about how to take care of one's health and tips for adjusting one's lifestyle to prevent sickness and maintain health.

Also media pockets books, a total of three pockets books were produced, namely, 1. (Non) -Secret Tips for Management + Development of Real Property; 2. (Non) Secret Tips, Supalai + Real Property; 3. When... will we be rich sustainably. And 4. Prateep's Vision written by Dr. Prateep Tangmatitham, Supalai President. All the proceeds from the sales of the books had been given as part of the "Prateep Tangmatitham Fund", while Baht 2,000,000 was donated to the Architecture Faculty of Chulalongkorn University. As for book No.3, the entire proceeds from the book sales will be donated without deductible expense to the Thai Red Cross Society. For Book No. 4, all the proceeds from the sales had been donated without deductible expense to the Faculty of Architecture and Planning of Thammasat University.



In addition the Company had prepared verses for Dharma song called "Wide Perspective, Think Far and Aim High", which is a social creative song for maintaining mental value suitable for listeners of all ages. The song contents comprise advice on leading life with sustainable happiness. The name of the song came from the verses of Prapromkunaporn who has granted approval to use such name, the song was written and produced by Dr. Prateep Tangmatitham.

- Social Activities

## CSR Agents Project

The Company has organized a team of the CSR Agents through training programs in the topic of CSR Engagement to encourage employees to have a working knowledge of CSR-in-Process and the ability to apply it to all aspects of work to deliver satisfaction for all parties involved to successfully drive both internal and external CSR activities.

**CSR Agent**

**พลังสำคัญขององค์กรในการช่วยขับเคลื่อน CSR-in-Process**

"ตามที่ผู้อำนวยการฝ่ายกิจกรรม CSR ได้แสดงงานก่อสร้าง จักรกแล้ว ที่งานเทศกาลเนกตา วังแหวน ศาลากลาง คลอง 6 ก็ได้ทำ Happiness Camp ขึ้นภายใน Site งานเช่นกัน โดย จ้างใจในการสร้างมิตรภาพ ให้คนงานก่อสร้างรักเทศกาล เราจะได้มีกำลังใจสร้างบ้านสวยๆให้เรา โดยเริ่มจากสิ่งเล็กๆน้อยๆ แต่จะเป็นเรื่องยิ่งใหญ่ในใจพวกเขา เช่น การพาซื้อ ขนม และนม ดูแลลูกเล็กของครอบครัว ให้เด็กได้กับปีโคดของสีมีประโยชน์ มีชิ้นใจจริงๆที่เห็นภาพเด็ก สัมผัสกันอย่างเอร็ดอร่อย และสายตาของหน่วยงานที่มองดูทุกอย่างด้วยความสุขนั้น มีความหมายมากกว่าคำว่า CSR-in-Process ที่ได้น้อมนำ มาเป็นพลังบวก ให้เราอยากทำสิ่งดีๆนี้ เพื่อจะได้เห็นความสุขเหล่านี้ ทุกวัน Site งานของเรา"

**CSR-in-Process : ความสุขในงาน สร้างผลงานที่ดีเยี่ยม**

**Agent : ฤา (ปิ่นวิภา รัตนชวนนท์)**  
โครงการเทศกาลเนกตา วังแหวน ศาลากลาง คลอง 6

**CSR Agent**

**พลังสำคัญขององค์กรในการช่วยขับเคลื่อน CSR-in-Process**

"ใครมาดีลูกเรา เราจะไม่ยอม ใจไหน?"  
"ทำทุกอย่างให้มีดี อย่าให้มีใครมาดี"

งานของเราเริ่มต้นจากงานที่งานเปล่า จากความตั้งใจขึ้นมา มันก็เหมือนเราจะมีงานเต็มไปหมดใน FeedBack จาก Blogger หรือ ผู้คนทั่วไป ที่เห็นเห็นจากแหล่ง Social ต่างๆ ที่พูดถึงงานออกมาแบบของเรา ยิ่งดี และไม่ได้ แรกๆ ที่ไม่พอใจที่ใครมาดีดี เหมือนกับว่า ใครมาดีลูกเรา เราไปทำอะไรไหม? มันทำใจยาก... หลังๆ เราต้องพยายามของเพราะคำที่มีประโยชน์ แอ่แบบดีเราสามารถ เอามาใช้ เอามาใช้ในโครงการของเราไม่ได้ เปลี่ยนวิกฤตเป็นโอกาส คือใจเรา ทำทุกอย่างให้มีดี อย่าให้มีใครมาดีดี แบบนี้ทำงานได้มีความสุขดี มีความสุข

**CSR-in-Process : ความสุขในงาน สร้างผลงานที่ดีเยี่ยม**

**Agent : โธ (พิรภัฏ ศุภชาติ)**  
ฝ่ายสร้างสรรคและพัฒนาผลิตภัณฑ์

The Company, jointly with the Supalai Relations Club had organized an event of "donation of aluminum" to be given to the Prostheses Foundation under the patronage of HRH the Princess Mother in order to provide prosthetics to those less fortunate. For such activity, Supalai had invited its employees, lessee companies of Supalai Grand Tower Building and the general public to jointly donate aluminum pulling rings of cans or materials made of aluminum by having donation box





at the lobby of the building, and aluminum had been generously donated 3 consecutive years in a great amount

The Company had helped with the disaster relief for the flood victims led by the executives and employees of Supalai in distributing life saving bags, instant food, drinking water and other necessary items to help the customers of all Supalai projects and the people suffering from the floods in various areas with the cooperation of the Army. The Company had also donated money to help the flood victims, which was accepted by the governor of Nonthaburi Province. Besides, the Company had donated Baht 2,000,000 to the Thai Listed Companies Association as contribution to the “Capital Market for Flood Victims Fund”. The Company jointly with Dao Coffee Beans Co., Ltd., F & B By Dao Co., Ltd and Champ Boom Bell Co., Ltd. had donated floated toilets, instant food and necessary items to the flood victims in the villages of Moo 2, 3, 4 of Thachange Sub-District, Nakhonluang District of Pranakhon Sri Ayutthaya Province.



In addition, the Company had carried out the design of “**Rural House for Farmer**” by cooperating with the Work Team for Infrastructure, Communications and Energy, the National Social and Economic Advisory Council in conducting a study on “Development of Housing Infrastructure Project” to be given to interested farmers free of charge

### ● **Family Institution Promotion Activities**

The Company attaches importance to continually promoting good relations within the family in order to be strong support foundation for the Thai society, such as “**Developing Conscience-Meditation**” activities by focusing on the practice on



how to use conscience-meditation in order to develop oneself and apply in daily life as well as to strengthen families.

### ● Health Activities

The Company invited medical teams from leading hospitals to provide free medical check-up and knowledge on interesting health topics. The Company also organized seminar on alternative medical approach Supalai families and the general public. Besides, there were charitable activities, such as “Blood Donation” for Vachira Hospital on L Floor of Supalai Grand Tower Building for Supalai employees and the employ-



ees of companies renting space in Supalai Grand Tower Building.

Mrs. Ajchara Tangmatitham, Executive Vice President, made a generous donation of Baht 1,500,000 to support work of the special care unit, Kittiwattana Building, Thammasat University Hospital. Such contribution was used for procuring medical equipment and enabled the unit to provide more thorough services and better quality treatment to the patients.

Additionally, the Company jointly provided support to the book titled “Yesterday at Present”, the proceeds from which, after administrative expense deduction, went to the Alzheimer’s Disease and Related Disorder Association (ARDA).

### ● Community Development Activities

In 2018, the Company donated a total of 1,500,000 baht to Wat Samornkoti Community School (located in Poonrat Bumrung) to aid in restoration and improvement of the landscape of Samornkoti Temple, an ancient monument. With the restorative efforts in collaboration with the Fine Arts Department, the temple can maintain its value and continue to be a community learning resource, and an archaeological site in the neighboring community of Supalai Veranda Rattanathibet Project.

The Company has focused on maintaining the environment of its projects to be in good condition at all time. If there is any problem regarding the environment, the customers can notify the Company so as to carry out the improvement and development. In the past, there had been many projects taken care of by the Company as follows:



- The Company completed the dredging of canals in the vicinity of Supalai Parkville Romklao-Suvarnabhumi project so as to increase efficiency of the canal water management in Bangkok. This activity was performed in accordance with a cabinet resolution that requests be made for co-operation from the private sector in canal dredging within areas of real estate development projects for mitigation of impact from flooding in the future.

- The Company improve the road, install the drainage pipe and the cesspool in the area of Paholyothin Soi 48, in front of Supalai Park Ville Project and install the pipe under LaSalle Road and improve this road in the area of Supalai Ville Srinakarin Project.

- The Company had delivered a garbage collection truck worth Baht 2.1 million to Muang Lumsamkaew Municipality of Pathumthani Province for maintaining cleanliness and orderliness of nearby communities and donated the garbage collection truck to the Tambol Administration Organization of Klong Luang District, Pathum Thani Province for maintaining cleanliness and public order of Supalai Buri Project and the nearby areas.

- The Company had improved the road along Klong 4 canal for the comfort and convenience of the people driving in that area.

- The Company donated the equipment for operation to Bang Pongpang Metropolitan Police Station for use to maintain public order of the people driving in the area.

### ● Happy Garden-Happy Home Project

Supalai Public Company Limited has created a new concept as a pilot project of edible green areas for Thai society by presenting garden that is a source of good food for all families. It has created an example garden with all the steps in the book, "**Happy Garden - Happy Home**" to inspire the society to grow vegetables in their homes and condominiums according to the philosophy of sufficiency economy.

The Company has engaged in property development business along with sustainable development for the benefit of customers and the society. When designing the products, it has taken into account energy saving and eco-friendly as well as convenient and safe location so as to be good model of good and livable community and society. The Company is confident that family is a foundation of stable and sustainable society. That is the reason why it has created the concept of "Happy Garden - Happy Home" for Thai society in order to strengthen family ties in accordance with the policy of "Supalai... we care for Thai Society" and follow the Royal initiative philosophy of sufficiency economy.





"Happy Garden - Happy Home" is a concept that Supalai wants to inspire people to create beautiful edible garden with a lot of benefits in all sizes and areas of housing for better quality of life of all families. It has been done through the transfer of knowledge by Assoc. Prof. Sasiya Siripanich and Assistant Prof. Dr. Sermsiri Chanprem, the two gurus on garden and horticultural garden design, Faculty of Agriculture, Kasetsart University, Kampaengsaen, Nakhon Pathom campus. Their process begins from designing vegetable garden, steps of planting and maintenance, whereby the garden area of single detached house and condominium balcony have been designated to actually create a model of gardening in accordance with the concept, ready to inspire all families to create source of food that is useful, economical, clean and satisfactory. Beside saving the household expenses, family members can have fresh, clean and safe vegetables, while enjoying family activities and the benefits of the planted garden from the concept, of which Supalai has presented in a handbook titled "Happy Garden - Happy Home".



## Project of Happiness Camp : Happiness Garden to Increase Quality of Life, Persuade Construction Workers to Create Organic Vegetable Gardens

The Company recognizes the importance and pays attention to every production cycle. This is the origin of one of the pilot projects, "Happiness Camp": it is the Happiness Garden, which is based on the knowledge of the book "Happy Garden - Happy Home" by creating an edible vegetable garden. This activity is a symbol of goodwill sent to colleagues in the production cycle to create a healthy lifestyle and upgrade the quality of life of construction workers to be happier, and also enhances teamwork skills.

Organic farming is a source of fresh, clean, hygienic and safe food that helps save household expenses. It is also a place for relaxation, creation of emotional wellbeing and beautiful scenery for the community, whereby free time after work has been used to add value to life.

Therefore, the "Happiness Camp" project has dedicated the area within the construction workers' camp to become an edible organic farm. The techniques for growing vegetables without chemicals have been taught by instructor Komsan Hutapaet, a specialist in vegetable gardens, who has imparted the knowledge to the construction workers.





The Company also donated materials and a variety of vegetable seeds to the construction workers to join in creating a large vegetable garden in 5 worker camps. There has been close monitoring, and contests were organized for vegetable gardens of each worker camp on "Happiness Day" for construction workers at Supalai Prime Bangna - Lat Krabang Project under the cooperation with business partners in organizing activities to create happiness for construction workers.

- **Religious Support Activities**

The Company has the project to develop landscape in many religious premises including temples, mosques and help with the design and layout of buildings in the temples by giving advice and collaboration with the Fine Arts Department, the Stock Exchange of Thailand and the Federation of Thai Capital Market Organizations (Fetco), whereby the Company has been a host for the caring and restoring of a temple in Nonthaburi Province. Also, in the past, the Company had arranged for adjusting the landscape of various religious places, such as Wat Pantainorasingh Temple in Samutsakhon Province, Wat Cholpratan Rangsarit Temple, Nonthaburi Province and Rao Dortulmuttagine Mosque in Por Bay of Phuket Province. In addition, Dr. Prateep Tangmatitham, the President of the Company, had a Buddha image, "Pra Supanimit Mingmongkol" created to be dedicated to the Lord Buddha. The images have been set up at Supalai projects as propitious symbol for prosperity in both work and life of families of worshippers



**Pra Supanimit Mingmongkol**



# Human Resources Development

## Promotion and Sustainable Development of Human Resources

Supalai Public Company Limited attaches importance to all personnel of the organization, seeing them as valuable human resources who are important in driving the policy and achieving the established goals of the organization, while at the same time, they are regarded as the driving force towards sustainable growth for the Company.

To ensure that the Company is ready for a rapid and constant change in the era of Thailand 4.0, the Company focuses on the investment in human resources continuously aiming at having the employees being developed mentally and physically on a continual basis. Such goal was implemented into human resources management process, starting from the recruitment and selection, wage and welfare management, promoting good relationships in the organization together with training and developing employees to have appropriate knowledge and competence for their jobs to support the growth of the company.

## Recruitment and Selection of Personnel

The Company conducts the recruitment and selection of personnel for all positions through the competency-based interviews, including but not limited to IQ Test, EQ Test, Personality Test, and English Language Skill Test. The extensive interviews and tests are utilized to ensure the best fit candidate will possess the knowledge, ability, skill, and attribution to the position they will hold. The candidates that pass the selection process will continue to go through the On-Boarding Program and On the Job Training supported by the Human Resources Department and their designated supervisors, allowing them to be prepared for their new positions appropriately and effectively.

As for replacement of positions, the Company has the policy to recruit personnel inside the Company. In filling positions at supervisory level, the personnel within the Company shall be promoted first in order for them to have an opportunity to use their knowledge and ability to develop themselves for higher positions or to give them opportunity for cross functional transfer.

## Wage and Welfare Management

To maintain personnel care is one of the main tasks of the organization. After recruiting qualified personnel for the position, the Company needs to ensure that they receive appropriate remuneration to be able to compete in the market. Every year, the Company inspects and compares the payroll and welfare information with the leading real estate companies and other leading businesses. This is to collect information to improve wage and welfare to suit the affordability of the business in order to retain talents to grow alongside the organization.

In addition, the Company has a policy to pay for performance and the award will clearly be distinguished for the performances of each group of employees. After all, good performance management systems must be transparent and fair, which will create good morale for employees as well as sustainable employee engagement. The Company also establishes recognition system in the form of cash and non-cash, such as the award of honor to outstanding employees, long service award, excellence customer service award, and innovative award.

## Promoting Good Relationships in the Organization.

Good corporate environment is one of the factors that will enable employees to have skill in working and spending life together under the same corporate culture and with several levels of corporate personnel, such as between the Company and employees, employees and employees, employees and supervisors, employees and executives etc. If all groups have good relationship with one another, the goals of the organization would be eventually achieved.

Strengthening the relationship among groups of employees mentioned above has been carried on through the Company's activities to enable employees to have more channels or opportunities to communicate with one another. It also promotes unity and harmony within the organization. Such activities are Town Hall Meeting, annual party, Internal sports activities, annual retreat trips, Health education and financial planning meetings, and suggested activities through various channels of the Company emphasizing two-way communication for better understanding. In addition, the Company also promotes moral and ethical activities for employees through Supalai Relations Club such as blood donation, donation for charity, participation in mindfulness meditation, etc. These activities help promote and improve the mind of the employees.

## Promotion of Knowledge and Career Advancement Development

The Company realizes that true success of the business requires quality personnel. Therefore, all personnel must be systematically and continuously trained to improve their potentials and capabilities to be able to perform their tasks efficiently as set out in the goals. The training and development section would organize a competency gap assessment and then develop an individual development plan (IDP) for the selection of talents and develop this group of employees in order to support the succession plan, especially in critical positions.

The annual training plan shall be aligned with the job positions and needs. Each year, the training and development would be divided into 4 categories as follows:

- 1. Onboarding Program for New Employees:** The Company has organized an orientation on the first day of work for new employees so they can get to know corporate policy, rules, regulations, organizational structure, corporate culture, welfare and benefits provided by the Company. Later on, there will be a seminar called "Supalai Way" for new employees in order to get acquainted with their friends, other employees, their seniors, and executives. This is good for building good relationship among employees, establishing commitment to the organization, and learning to work together as a team.
- 2. Courses on laws and the Company's Policy:** They include courses on risk management, ISO 9001: 2015, safety standards in building, standard test for electricians, etc. The emphasis is on the knowledge and skills necessary for the employees to perform their duties correctly in accordance with the laws and professional principles.
- 3. Functional Development Courses:** They include the curriculum for developing the knowledge and skills of employees in sales and marketing group, construction and project management group, pre-post sales management group, and back office group. These are organized continuously both in-house and public trainings for the employees.
- 4. Leadership Development Courses:** They focus on the development of attitudes, knowledge and competence of employees in the organization in order to be able to utilize their ability properly and in a balance way to fulfill their tasks. These courses focus on the leadership skill, communication, problem solving, planning, team working and team development. The aim is to develop the employees to grow professionally and in accordance with the competencies set by the organization.

Last year, the Company has continually supported the development of its employees by providing trainings at all levels, both internal and external. The average training hours of the employees is 26.39 hours / person / year.

In addition to the training and development of employees, the Company also focuses on their continuing education through sponsorship in the form of scholarships at the undergraduate and graduate levels in both domestic and foreign institutions. Currently, 88 scholarships have been granted. Among them, 69 have been graduated while 18 are still studying in Thailand and 1 is studying abroad.

Also, the Company's employees are encouraged to spend their free time for self-learning in the Company's library and from the intranet run by the Human Resources Department as a reference for self-study.

As for other informal employees' development, the Company provides mentors for new employees throughout the probationary period, at both the operational and the supervisory levels. The objectives are to offer guidance and coaching as well as to raise their awareness of the importance of learning and working as a team.





# Community Commitment

In 2018, Supalai Public Company Limited has over 100 housing development projects under its supervision. In developing real estate projects, Supalai is committed to creating Thai communities with the emphasis on the residents' wellbeing in the projects to have warm, livable and safe community. It has provided heart-to-heart services by establishing various working units to provide services, such as receiving complaints, organizing activities, providing information and maintenance as well as supporting members to set up a housing juristic person to oversee the project from Supalai. Various activities arranged for Supalai community members are detailed as follows:

## Creation of Quality Society

The Company emphasizes the creation of strong family ties and relationship because good and warm relationship among family members plays an extremely important role to further create good society. Thus, the Company offers free meditation courses to all Supalai family members twice a year (so far 29 courses had been organized) without charge. This is for the members to accumulate wisdom, learn how to love and be conscientious about the common needs of the society and also have a chance to interact and understand others so as to apply in their own lives. As a result, there would be love, warmth and understanding about harmonious co-existence in the community.

## Activities to Strengthen Relationships

The Company has organized activities for Supalai community members to jointly make merit during new year. This is to encourage members living in the project to know each other and create good relationship among themselves.

## Sharing Oriented Activities

The Company has organized the "Sharing" project to promote Supalai as the center of kindness building and sharing oriented community by encouraging residents from various Supalai projects to combine power in passing the happiness forward and delivering warmth and kindness to the less fortunate through donation of unused or excess items. Without expecting anything in return, these acts of kindness are performed with sincerity and hope on contributing to the community building and improvement.

## Reinforcement of Safety

Supalai places high priority on safety and security, thus, arranging for full 24/7 security guards. The Company also joins with relevant government agencies in different localities in providing vaccination to prevent rabies in pets in its projects and spraying insecticide on mosquito breeding sources.

## Establishment of Juristic Person for Housing Project

"Juristic Person for Housing Project" begins to play more roles in the Thai society in order to resume the duties after the operator having already taken care of the project as required by law. The Company, therefore, has encouraged and provided support to establish juristic person in order for any Supalai project to be managed as wished by the majority of the residents and to further increase the value of the houses in the future.

## Caring of houses

After the ownership has been transferred, Supalai has provided maintenance unit to provide maintenance services to houses in Supalai projects for the guarantee period.

## Communication Channels

Supalai has arranged for communications in various forms, such as “San Saiyai”, public relations booklets, signboards for public relations notices in order to provide useful information to residents of the projects, which is also aimed at forming cooperation physically and mentally for mutual benefits of the members, and developing warm feeling toward each other so as to live peacefully and happily together in the project.

For delivering news and information services and using customer feedback to improve existing products and services, communication channels have been established to service customers in repair request submission, route inquiries, project information, community service, complaints, feedback, etc. at



**Supalai's Contract Center Tel. 1720**

All the above-mentioned activities are parts of the process that Supalai has committed to provide in order for its value customers to have quality life and happiness in Supalai projects.





# Anti-Corruption

## Message from the Chief Executive Officer regarding Anti-corruption

The Company fully acknowledges that corruption is a social threat that impacts the Company's sustainability, as well as, economy, society, political stability and international confidence. For this reason, the Company had signed a declaration of intent to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), and has clearly established various anti-corruption policies that emphasize on raising awareness of employees and the management at all levels so as to realize the danger of corruption. In addition, the right values have been instilled in order to develop organizational transparency and create confidence in joint business operation with investors, financial institutions and business partners to increase the Company's competitiveness in both short and long term.

Thus, the Board of Directors has assigned the Audit Committee to coordinate and oversee the implementation of anti-corruption measures. Appointment of personnel responsible for defining the criteria, methods, follow-up measures and reports, is documented. There is a straightforward disclosure of information, prepared to be reviewed and examined in every process. Furthermore, the management system and guidelines have been continuously developed to ensure that the internal control system is sufficient and effective in reducing risks that may arise from corruption.

Anti-corruption-related policies are to be strictly followed by directors, executives and employees of the Company, its subsidiaries including those under the supervision of the Company. These policies comprise:

1. Policy on Anti-Corruption
2. Policy on Political Contributions
3. Policy on Gift and Hospitality
4. Policy on Whistleblowing and Complaints
5. Policy on Provision of Financial Support
6. Policy on Charity Donation



The adoption of policies and principles as well as the internal control system to prevent corruptions will bring about concrete and auditable transparency and good corporate governance. The Company fully hopes that all stakeholders will gain long-term benefits from such practice as follows:

- 1. Shareholders** Gain confidence on a worthwhile return on investment.
- 2. Employees** Receive fair treatment in performing their duties and are provided with channels to report on clues regarding corruption to Independent Directors.
- 3. Business partners** Receive fair selection, contract agreement and evaluation.
- 4. Customers** Having received good quality products and services.
- 5. Contractors** Facilitated in a number of ways without being charged in activities such as loan procurement, receive payment on time, there shall be inspection to accept the work and the preparation of transportation routes of materials and equipment into and out of the construction area.
- 6. Social and the Country** The state receives the right and full amount of tax which will further be used for the development of the country, while at the same time, the society will gain indirect benefits from the culture of honesty fostered among employees in the organization, which will further expand widely into the society.



**( Dr.Prateep Tangmatitham )**

Chief Executive Officer

## Commitment and Policy

On 1 November 2018, the Company had declared its intent to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) organized by Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, International Chamber of Commerce, Thai Listed Companies Association, the Thai Bankers Association, Federation of Thai Capital Market Organization (FETCO), Federation of Thai Industries.

Supalai Public Company Limited has in place an anti-corruption policy with the prepared guidelines in writing included in the illustrated issue of the Ethics and Code of Conduct for the directors, executives, supervisors and employees, which has been approved by the resolution of the Corporate Governance Committee meeting No. 1/2018 held on 21 November 2018. It had been updated five times already. In addition, the Board of Directors has established 6 policies related to anti-corruption measures, and the Company had communicated such policies to directors, executives, supervisors and employees by requiring that all processes of operations be in compliance with the laws, while providing channels for whistleblowing or lodging complaints on dishonest acts, and has protective measures to protect the whistleblower. The details of the policies and actions related to the prevention of such acts are disclosed in the Company's website: <http://www.supalai.com> under the topic of Anti-Corruption Measures with all 6 policies related to anti-corruption measures as follows:

### 1. Policy on Anti-Corruption

The Company has complied with the Policy on Anti-Corruption by having implemented fair and transparent business competition strategies with an emphasis on the quality of products. Thus, the Company will not tolerate any form of corruptions, either by offering, promising, asking, demanding, giving and receiving bribes, persuading any person to commit illegal acts, or discrediting. The Company also requires that its policy against corruption be observed by all, be its employees at all levels including directors, executives, supervisors, general employees, its subsidiaries, or other companies under its control as well as persons relating to its business operations. Also, its policy covers the requirement that all concerned units in every locality in which the Company has operated observe this policy.

In addition, a thorough anti-corruption procedure is set up to ensure that all relevant practices are implemented in accordance with the regulatory policy. Such practices will be reviewed on a regular basis to keep up to date with constant change in business laws as well as to maintain the Company's reputation.

### 2. Policy on Political Contributions

The Company has complied with the policy to support democratic system by encouraging directors, executives and all employees, including employees of the companies under its control to exercise their political rights as good citizens. They can express, participate, support and exercise their right outside working hours by using their own resources. The Company has no policy for supervisors and employees at all levels to instruct or convince by any means the employees and subordinates to participate in the political activities of all types as it may cause conflicts within the organization.



### 3. Policy on Gift and Hospitality

The Company has operated its business with integrity and in compliance with the laws. Therefore, in order to maintain its reputation, the Company has adopted the policy regarding receiving and giving gifts, property or any other benefits that it can be done according to tradition and morality as expression of gratitude or to maintain business relationship. However, the Company shall not support the receiving or giving inappropriate gift or property or any other benefits that can have influence on the decision in performing duty as it might result in the Company's loss of benefits.

### 4. Policy on Whistleblowing and Complaints

The Company has complied with the policy on reporting on clues or complains by opening a channel for accepting reports on clues and complaints on violation of laws or ethical conducts or illegal conducts and any misbehavior which implies dishonest act or improper act of any person in the Company, be it employees or any segments of stakeholders. In addition, the Company has implemented protective mechanisms for informants while placing high value on reported information and complaints to ensure the confidentiality of informants and complainants by establishing a process of implementation, investigation of the fact, summary of results as well as clear measures to protect the whistleblower or the complainant. The clues or complaints can be submitted directly via email, [anti-corruption@supalai.com](mailto:anti-corruption@supalai.com), or opinion boxes installed each floor's fire-exit stairs and project site. The submitted complaints are directly reported to independent directors.

### 5. Policy on Provision of Financial Support

The Company has complied with the Policy on Provision of Financial Support. The Company is committed to conducting business while caring for the society continuously. To conduct business with transparency, the Company has set up procedures for supervising items of provision of financial support by reviewing the approvals of the authorized persons of the Company. It has also required that there be reporting and monitoring of provision of financial support to ensure that the provision of financial supported has been used according to the objective of the request for financial supporting.

### 6. Policy on Charity Donation

The Company has complied with the Policy on Charity Donation. The Company is committed to conducting business while caring for the society continuously. To conduct business with transparency, the Company has set up procedures for supervising items of charity donation by reviewing the approvals of the authorized persons of the Company. It has also required that there be reporting and monitoring of charity donations to ensure that the money donated has been used according to the objective of the request for donations.

## Corruption Risk Assessment

The Company has established the dishonesty risk assessment in every unit of the Company and its subsidiaries. All the working units have to identify and rank the risks on corruption in their units by likelihood and effect and also figure out a risk reduction, prevention and countermeasures for possible corrupt actions, whereby the assessors shall assess risks with regard to type of business activity, operation procedures, industry conditions, business logic, related anti-corruption policies, as well as the available policy manual that specifically gives directions for each act of corruption, such as accepting-giving gift and hospitality, provision of financial support or political contribution that all executives, supervisors and employees of the Company and those of its subsidiaries are required to strictly follow as informed and trained.


The Company's risk assessment comprises the following procedures.

- 1. Risk identification,** chief of each working unit of the Company and those of its subsidiaries shall identify possible risks.
- 2. Risk assessment,** after the risks are identified, their impact on goal achievement as well as the likelihood and possible degree of impact will be assessed.
- 3. Risk management,** strategies or activities shall be designed to keep risks at the Company's acceptable level. The Company shall have to consider whether existing risk management plans are adequate for risk reduction and impact mitigation.
- 4. Controlling activities,** that is, the Company's policies or operation procedures namely approval, review, account reconciliation and division of work shall be applied to ensure appropriate and timely risk management.
- 5. Risk Monitoring and reporting,** this is to monitor and improve the activities for assessment of all kinds of risks on a continual basis. Information on risk regarding dishonesty and corruption will be compiled and reported to the Risk Management Committee. The Committee assesses and analyzes risk, prioritizes risks, prescribes guidelines and strategy for managing risk regarding dishonesty and corruption in order to control the risk to be at acceptable level with optimal cost, then reports results of the anti-corruption risk assessment to the Audit Committee and the Board of Directors for consideration and granting approval.
- 6. Communication,** by arranging for communication on risk management according to the approval of the Audit Committee and the Board of Directors to concerned parties in order to prepare manuals and practical principles to be communicated to every member of the unit for acknowledgement and compliance.
- 7. Following up results,** according to opinions of the Audit Committee and the Board of Directors including the compliance with the practical manuals at least once a year.
- 8. Reporting,** by the Audit Committee on compliance with practical manuals to the Board of Directors annually.

## Implementation

The Company's President is a role model leader of the organization who implements anti-corruption policies seriously, namely,

- Presenting commitment in fighting against dishonest acts through the message from the President regarding counter-corruption measures in order to notify all stakeholders,
- Adopting the intention to fight against corruption with Thailand's Private Sector's Collective Action Coalition Against Corruption (CAC),
- Being appointed as member of the Anti-Corruption Cooperation Subcommittee to consider Ministry of Finance's guidelines for cooperation to prevent malpractices and increase transparency in procurement,
- The President's signing to be a member of the PACT Network,
- Executives' cooperation in providing answers to the opinion survey of private companies relating to corruption problems of the IOD,
- The President provided support to the knowledge test activity relating to counter-corruption measures via the Company's online system and presented rewards to employees with highest score.



# ระบบจัดการแบบทดสอบ ONLINE

## ONLINE QUIZ

ถึงเวลาทดสอบแล้วจ้ะ วว  
"เริ่ม 15 พฤศจิกายน 2561"  
LET'S GO!

ขอเชิญ "พนักงานทุกคน" เข้ามาทดสอบ  
ความรู้เกี่ยวกับดูแลกิจการที่ดี การบริหารความเสี่ยง  
และการต่อต้านทุจริตคอร์รัปชัน  
"ประจำปี 2561"

บันทึกคะแนน คุณ [Logout]

แบบทดสอบ	จำนวน ข้อ	ระยะเวลาในการ ทำข้อสอบ(นาที)	เกณฑ์ ผ่าน	ผ่านกี่ข้อ/ข้อสอบ	จำนวนครั้งที่เข้า ทำแบบทดสอบ
แบบทดสอบ Good Governance Risk Management & Compliance ปี 2561 ส่วนอื่น ส่วนงานอื่นและโครงการและระบบอื่นๆ	20	60	60%	ผ่านทำข้อสอบ กิจการและระบบ คุณภาพ	2

เข้าสู่เว็บไซต์

<http://intranet.supalai.com/onlinequiz/>  
หรือ  
<http://intranet.supalai.com>

คลิกที่นี่

คลิก "CLICK HERE"

LOG IN

Username

Password

Login

หรือ "Username และ Password"

สำหรับพนักงาน  
ใช้ Username และ Password  
เพื่อเข้าระบบคอมพิวเตอร์

บริษัท

Username: ชื่อภาษาอังกฤษนามสกุลตัวเล็ก  
Password : Sp112345

บริษัท สุपालีย์ จำกัด (มหาชน)  
1011 อาคารสุภาวดี ถนนพหลโยธิน แขวงจตุจักร เขตจตุจักร กรุงเทพฯ 10120  
โทร. 02-725-8888  
แฟกซ์ 02-663-3888

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Performing duties as a role model by the leaders of the organization in this manner can create confidence among all employee in order for them to join hands in fighting against dishonest acts and all employees shall strictly comply with the counter-corruption policy. In addition, the Company has prepared practical methods to counter malpractices in order to control, prevent and monitor risk from such dishonest acts. The Company has disclosed such practices in its intranet and has provided knowledge regarding policies and methods to counter corruption on a quarterly basis via “Noo Dee’s Stories” Project, in which knowledge has been communicated to all employees of the Company and its subsidiaries through the Pop-Up emails on the computer screens of employees, public relations boards at various points in the Head Office and the office of every project of the Company, including its subsidiary Companies. All new employees have to learn and acknowledge the policies and practices regarding anti-corruption immediately after joining the Company and in every orientation course for new employees. The Company has also conducted public relations on such policies and practices to the third parties and all of its suppliers.

In addition, the Company has also established procedures to record and collect statistical data on the number of whistleblowing, types of clues, the number of clues that have been investigated, the summary results of the investigation of each complaint including the report on annual statistical whistleblowing or complaints to be submitted to the Audit Committee and the Board of Directors in writing. This is for the purpose of monitoring progress and improving the Company’s operations to prevent the acts of corruption in all forms.

From the corruption risk assessment processes, the results were contributed to an anti-corruption policy and established operation guidelines to prevent corruption regardless of bribes, gifts, rewards, conflict of interest, etc. To ensure the policy compliance, responsible persons have been assigned to monitor risk-prone operation under the supervision of the management. The management has intention to encourage the Company’s and subsidiaries’ employees and contractors not to involve in corruption. Such intention was stressed to all business and trading partners at the annual thank you party organized for the contractors. If contractors have any comment to express, or if any unfair treatment was found, they can directly make report or comment to the Company’s senior executives or send via email [anti-corruption@supalai.com](mailto:anti-corruption@supalai.com).

In 2018, the policies, operation guidelines, punishment, monitoring and review measures relating to countering dishonesty and corruption were included in the Company's Code of Conduct to be strictly complied with by directors, executives and employees of the Company. All employees are also required to sign to acknowledge the Company's policy every year.

## Monitoring and Evaluation Guidelines According to Anti-Corruption Measures

The Board of Directors and the Audit Committee are responsible to ensure that there be internal control system and to provide opinions on the sufficiency of such system by having carried out the assessment of topics according to the "Form for Assessment of Sufficiency of Internal Control System" of the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand implemented. Therefore, the assessment has been done within the scope of internal control of COSO (The Committee of Sponsoring Organization of the Tread way Commission). The COSO internal control scope comprises 5 chapters, namely, 1) Control Environment 2) Risk Assessment 3) Operation Control 4) Information System and Communication of Information and 5) Monitoring System. From the review of the internal control system, no weak point or defect has been found in important matter, whereby there has been approval and sufficient review in each step of the process, for instance, for the receiving-paying process, the power has been authorized to grant approval in hierarchical manner, which has been approved by the management. Accordingly, it can be confident that the internal control system is effective. Also, there has been division of duties and responsibilities in order to have a check and balance for all items incurred, etc.

The Company has assigned the Internal Audit Unit to monitor and assess the implementation of measures against dishonest acts, and has improved the operation process to be in line with relevant policies. Such monitoring and assessing guidelines of the implementation of anti-corruption measures are as follows:

**1. Adoption of Policies,** The Company has adopted anti-corruption policies in writing and required that directors, executives, supervisors and employees of the Company and its subsidiaries strictly comply with such policies.

**2. Monitoring and Assessment,** the Internal Audit Unit has monitored and assessed the compliance with anti-corruption measures by reviewing each step of working process which might contain the loopholes where dishonest act could be incurred in order to find ways and means for prevention which would also be set out as guidelines for practices.

**3. Improvement of Operation Process,** the process review results shall be used for improvement of operation guidelines, while the opinions of the Audit Committee and the Board of Directors obtained from the review of completeness and sufficiency of operation processes, the consideration results of investigation of complaints, results of risk assessment regarding dishonesty as well as opinions of employees expressed through emails as set out would also be used for improvement of the process, the guidelines for practices and relevant policies in order to reduce risk from dishonest acts.

**4. Monitoring of Operation Process Improvement,** there shall be monitoring of operation process improvement to ensure the implementation of proposed recommendations for improvement of the process, operation guidelines and policies in a truly and timely manner.

**5. Report on Results,** the Internal Audit Unit would report on results of the monitoring and assessment of the implementation of counter-corruption measures as well as the items to be improved and results of improvement to the Audit Committee on an annual basis in order to be reviewed of completeness, suitability and sufficiency of the process, operation guidelines and policies relating to counter-corruption measures. The Audit Committee shall then report such review results to the Board of Directors. Should there be any recommendations from the Audit Committee and the Board of Directors, the Company will apply them to improve the process, the operation guidelines and relevant policies in order to increase internal control efficiency.

## Anti-Corruption Activities

The Company has taken actions to prevent participation in dishonest acts and corruption as follows:

1. The Company has set out policies relating to countering dishonesty and corruption to be complied with by the directors, executives, supervisors and all employees of the Company as well as employees in the subsidiaries, or other companies under its control. Such policies are also included in the ethics to be strictly complied with by directors, executives and employees of the Company.
2. The Audit Committee has the duty to oversee and review the implementation of counter-corruption measures under the control, prevention and monitoring of risk from dishonest acts of the management which has set out clear policies and operation guidelines. The Audit Committee shall then report the results to the Board of Directors.
3. The Company has arranged for efficient internal control system that covers financial and accounting matters, as well as the assessment of sufficiency of internal control system to be presented to the Audit Committee on a yearly basis including the storage procedures of documents and various records according to the prescribed accounting principles.
4. The management has provided support with knowledge in complying with the count-dishonesty measures as well as having expressed its determination and commitment to prevent dishonest acts to all employees of both the Company and those of its subsidiaries and other companies under its control and all groups of stakeholders.
5. The Company has arranged for channels to report on clues or complaints when seeing any dishonest acts, and provided protection measures for persons who report or persons who provide the information. The Company also welcomes suggestions, opinions and inquiries regarding the compliance with measures against dishonest acts via email at [anti-corruption@supalai.com](mailto:anti-corruption@supalai.com) and opinion boxes installed at fire exit stairs of each floor.
6. The Company has assessed the risks regarding dishonesty and corruption in every unit of the Company and its subsidiaries.
7. The Company has appointed the working group to develop the counter-corruption system by involving the employees to jointly press forward, promote and develop the implementation of the counter dishonest acts inside the organization.
8. The Company has organized campaigns to counter dishonesty and corruption, such as publicizing the policies relating to counter dishonesty and corruption among all groups of stakeholders via the Company's website ([www.supalai.com](http://www.supalai.com)) and disseminated among all employees through emails and intranet including organizing orientation for new employees in order to have knowledge on policies and practices against dishonest acts. The public relations is organized to provide knowledge relating to measures against dishonesty and corruption as well as providing public relations leaflets and brochures in every project of the Company and organized activities such as contests to win prizes through questions and answers and test of knowledge on countering dishonest acts.

## Channels for Clue Reporting on Corruption

The Board of Directors has provided channels for the employees and all groups of stakeholders to report on clues or complaints on illegal or dishonest acts or acts against ethics or circumstances indicating dishonesty or improper acts of persons in the organizations or any right violations by the employees and all groups of stakeholders who can report on clues or complaints via channels as follows:





Email at [anti-corruption@supalai.com](mailto:anti-corruption@supalai.com), which shall be directly reported to independent directors



Opinion boxes installed at fire exit stairs of each floor and all project site



Hotline number at 1720

## Procedures for Dealing with Complaints on Dishonest Acts

The Company has established procedures for handling with complaints on dishonest acts as follows:

1. **Receiving complaints**, when the clue or dishonest act is reported, the coordinator would register the receipt of such matter.
2. **Investigation**, the investigation committee shall be appointed to carry out the investigation and further submit the results to the Audit Committee.
3. **Report on result**, the Internal Audit Unit shall summarize details of the complaints, the investigation and the consideration results to be submitted to the Audit Committee. The Audit Committee shall then make conclusion of the consideration and provide recommendations to be further submitted to the Board of Directors of the Company.
4. **Notification to the clue reporting persons or the complainants**, the result of the consideration shall be notified to the clue reporting persons or the complainants, or they shall be notified after the investigation results have already been reported to the Board of Directors of the Company.
5. **Monitoring and reporting of results**, in case the Audit Committee or the Board of Directors has provided recommendations or opinions on the improvement of the operation practices to prevent dishonest act, the Internal Audit Unit has the duty to monitor and report the results of improvement to the Audit Committee and the Board of Directors.

## Protection Measures for Clue Reporting Persons or Complainants

The Company has adopted the policy to protect clue reporting persons or the complainants regarding dishonest acts as follows:

1. The Company shall keep confidential the information and the persons reporting on clues, or complainants as well as the persons subject to the complaints.
2. The Company shall disclose the information as may be deemed appropriate by taking into consideration the safety and damage of the persons who report the information or relating persons.
3. The injured parties shall be remedied according to suitable and fair process.

4. In case the whistleblowers or complainants or persons cooperating in the fact-finding investigation may be unsafe or suffer damage, such persons can request the Company to provide suitable protection measures or the Company may provide such measures without being requested by such complainants or cooperating persons in the fact-finding investigation if finding that they may face with trouble, damage or unsafe situation.

5. The Company shall not do any unfair act towards the persons reporting clues or the complainants, either by changing the position, nature of work, place of work, or suspension of work, threatening, causing disruption of work, termination of employment or doing any act that is unfair to the persons reporting clues or complainants or persons cooperating in the fact-finding investigation.

6. In practice, the Company shall not degrade the position, impose penalty or impose negative effects on employees who refuse the act of corruption.

## Provision of Knowledge on Measures to Counter Dishonest Acts to all Directors, Executives, Supervisors and Employees

The Company has organized orientation course for every new employee to be well-equipped with knowledge on measures to counter dishonest acts. Also, public relations news has been posted on the PR sign boards or through the pop-up message on computer screens when the employees start up their computers and emails to all employees of the Company and those of the subsidiaries on a quarterly basis. In addition, the activities to create counter-corruption culture in the organization have been organized, such as the yearly test on knowledge regarding measures to counter dishonest acts, the knowledge board, the question-answer contest for rewards, which are welcomed by the employees. Additionally, the President also reiterated in the New Year celebration event that all employees recognize the benefits of combating corruption.

In providing such knowledge to directors and top executives, the information on policies against dishonest acts, guidelines, results of implementation of policies, manual for the implementation of policies and benefits from such policies have been proposed through the Management Committee, the Executive Committee and the Board of Directors.



“CEO mentioned the benefit of anti-corruption in the new year party”



ท่านสามารถร้องเรียนผ่านทาง E-mail  
anti-corruption@supalai.com  
ได้เลยค่ะ

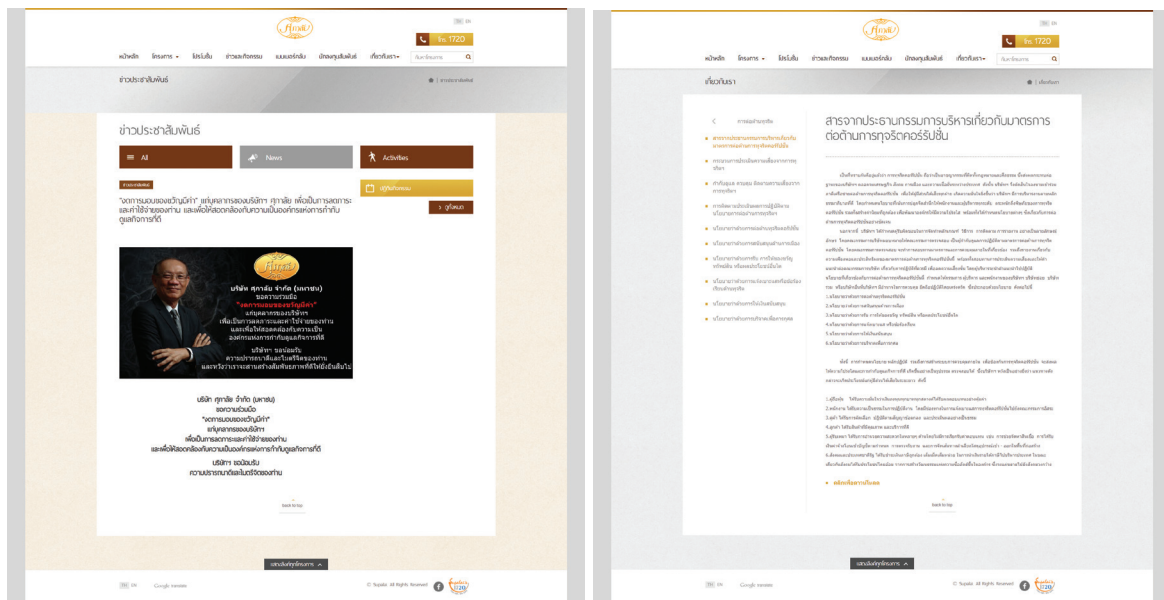
ผมมีเรื่องไม่สบายใจ เกี่ยวกับการทำงาน  
ผมสามารถร้องเรียนกับทางบริษัทฯ ได้อย่างไรครับ?



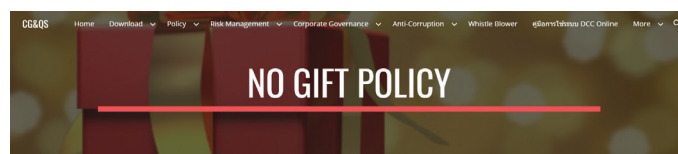
## Communication with Stakeholders on Measures against Dishonest Acts

The Company has publicized anti-corruption measures to all employees through public relations sign boards, emails and intranet of the Company as well as publicizing to all groups of stakeholders, namely, shareholders, suppliers, competitors, customers, contractors and shops through the Company's website (www.supalai.com) which is considered a compliance with the policy regarding practices towards customers and suppliers relating to the Company's treatment towards customers and suppliers without demanding dishonest benefits. Additionally, there has been risk management regarding malpractices, whereby the executive of each department has issued letters to sub-contractors, suppliers to establish channels for whistleblowers via the Company's email, anti-corruption@supalai.com. This has been done to send the message to stakeholders to acknowledge policies and guidelines to prevent malpractices in the Company, to acknowledge the channels for whistleblowers and to establish participation of stakeholders in order to achieve the commitment to prevent malpractices and the objective of the Company as has been set out.

Not only the Company's employees who acknowledge practices regarding anti-corruption, the Company has also provided communication to applicants who are interested in joining the Company via the job application form and through interviews with candidates regarding their attitudes on anti-corruption.



“Dissemination via Company's Website”



“Dissemination via Company's Intranet”

## Monitoring

The Board of Directors has the duty to annually review the suitability of the anti-corruption policies by taking into consideration the effectiveness of the policies, the implementation of the principles of good governance and the recommendations of the Board of Directors on the development and improvement of policies in the past. Each year, the Internal Audit Unit shall report on compliance with anti-corruption measures to the Audit Committee. The Audit Committee shall then further the report together with their opinions and recommendations to the Board of Directors for consideration respectively.

The Company has monitored and assessed the implementation of the anti-corruption measures by establishing clear procedures, operation methods, process, roles, powers and duties of responsible persons, monitoring and assessing guidelines, methods for reporting of results and correction steps. The Board of Directors has assigned the Audit Committee to monitor and ensure that the Company's operations are carried out according to the anti-corruption policy prescribed in the regulations of the Audit Committee. In addition, the Company has also compiled suggestions from the employees regarding dishonest acts via emails and suggestion box for further improvement of policies and guidelines to prevent risk from dishonest acts.

In 2018, the Company and its subsidiaries did not have any legal dispute or violation of the law regarding dishonest act, neither pending investigation nor legal proceeding, nor adjudicating by the court.



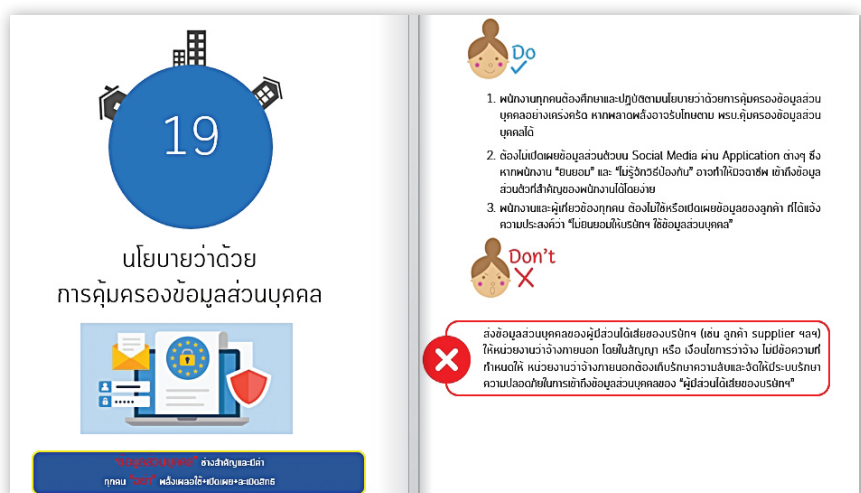


# Corporate Governance

The Board of Directors of Supalai Public Company Limited is well aware of the importance of corporate governance and responsibilities to the society in the belief that good corporate governance will be a key element in enabling its business to achieve success. It will also create confidence that there is efficient management system with transparency and accountability to ensure confidence of shareholders, investors, stakeholders and all parties concerned, which will bring about sustainable growth with quality and add value to the business. The Board of Directors understands its roles, duties, and responsibilities to the shareholders, as well as various parties concerned, and is determined to conduct business under good corporate governance principles in accordance with good practices or regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand as well as other concerned regulations.

## Corporate Governance Policy, Code of Conduct

The Board of Directors set out the “Corporate Governance Policy Handbook” in accordance with the approval of the Board in writing by Directors’ meeting. The handbook encompasses details on the implementation of good corporate governance guidelines, roles and duties of the Board of Directors, as well as the practice guideline for the management and internal control system. Furthermore, the Board has arranged for the review on the part of the Code of Conduct of directors, executives and employees “Code of Conduct” to be conducted on an annual basis. This year, personnel information protection policy has been added to the Code of Conduct Handbook for employees by providing examples of appropriate and inappropriate situations to act so as to be in compliance with the good corporate governance principles of the Stock Exchange of Thailand and best practices of corporate governance development projects and the best practices outlined in the corporate governance development project for listed companies. The Company also established a communication channel through its intranet system for the directors, executives and employees to understand and implement as operational guidelines when dealing with all groups of stakeholders. These guidelines are used as a standard in compliance with the Good Corporate Governance Policy to 5 chapters of corporate governance, which consist of the following : 1) Shareholders’ Rights 2) Equitable Treatment of Shareholders 3) Roles of Stakeholders 4) Information Disclosure and Transparency and 5) Board Responsibilities, the pictures can be illustrated as follows;



In this regard, the Company has disseminated the “Corporate Governance Policy Handbook” and the “Code of Conduct” on the Company’s website to inform third parties. The Company has implemented a guideline for encouraging, supervising and follow up the directors, executives and employees to comply with Code of Conduct.

## Promoting Compliance with the Code of Conduct

- Review the Business Code of Conduct synopsis edition and disseminate to directors, executives and employees via its Intranet system, company website for their information.
- Provide knowledge regarding compliance with the Code of Conduct in the orientation of new employees.
- Organize CG Day event to put in knowledge and raise awareness for compliance with the Code of Conduct.



- Prepare videos to disseminate information in respect of business code of conduct and good corporate governance, using Pu-Tham as the character. The videos are adopted as a new communication strategy to allow employees to receive and understand information easily and swiftly.

■ วิดีโอปุ๊รรสม ฉบับที่ 1



■ วิดีโอปุ๊รรสม ฉบับที่ 2



## Preventing Incident and Behavior That Might be Unethical

- The Board of Directors has appointed the Corporate Governance Committee, with the scope of responsibilities and duties clearly defined.
- Organize the meeting of the Corporate Governance Committee at least once a year in order to report the result of compliance with the Code of Conduct.
- Directors, executives and employees of Supalai Public Company Limited and its subsidiaries have to study and understand the Handbook on Code of Conduct (Synopsis Edition) and sign their names as a commitment on Google Form.

## Listening to the Opinions, Both Positive and Negative

- Arrange channels for opinion listening, two-way communication via Email : Pu-tham@supalai.com.
- Analyze initially the suggestions received for submitting to the Corporate Governance Committee and the Board of Directors for instruction.

## Monitoring and Evaluation

- Arrange a test through E-Learning Program once a year to measure knowledge and understanding of employees regarding compliance with the Code of Conduct and report results to the Corporate Governance Committee and the Board of Directors for information and consideration.
- Take the topic under the testing result of which most employees gave wrong answer for communicating through E-news and CG Day.

The Code of Conduct for directors, executives and employees are regarded as disciplines that all personnel must strictly adhere to. Any persons violating or not following the principles of the Code of Conduct will be subject to disciplinary actions.

Directors, executives and employees of the subsidiary companies are obliged to follow and encourage others to follow the Code of Conduct. The following actions shall be regarded as violation of the Code of Conduct:

- 1) Do not comply with the Code of Conduct.
- 2) Advice, encourage or support others against the compliance with the Code of Conduct.

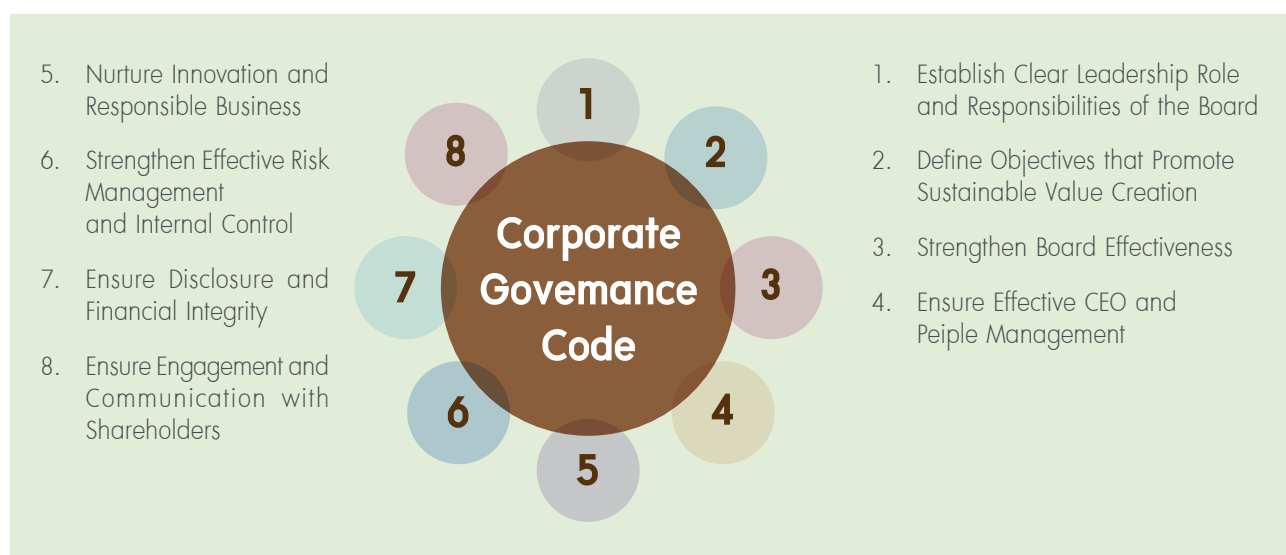


- 3) Be negligent and inactive when exposed to a violation or non-compliance with the Code of Conduct in case that they know or should know as such a violation or non-compliance is related to the work under their responsibilities.
- 4) Do not cooperate or impede the investigation and fact-finding into the claim of a violation or non-compliance with the Code of Conduct.
- 5) Perform unfair actions towards others due to lack of reports in case of non-compliance with the Code of Conduct.

With regard to the above-mentioned actions against the Code of Conduct, those committing such actions are subject to disciplinary penalties as set out by the Human Resources Department. In addition, any employees taking any action which is an offence according to laws may be punished by law.

Therefore, executives on behalf of supervisors, must pay close attention to the matter and advise their sub-ordinates to strictly comply with the Code of Conduct and may provide development support as deemed appropriate. Importantly, directors, executives and employees must also strictly adhere to the Code of Conduct.

Since the Company attaches importance to and focuses on the development of good corporate governance, the Board of Directors encourages that there be compliance with good corporate governance principles continuously and reviews the application of 8 clauses of CG Code as follows:



In 2018, the Company has adopted the CG Code by integrating as part of its objectives and business strategy by adopting it as requirement of the Board of Directors and sub - committees as policy, Code of Conduct Handbook (Summarized Version). Accordingly, the event on Innovation Awards 2018 was organized. Also, it has been ensured that there be regulatory mechanism of the operation, the transparent management decision making with accountability, while the rights of shareholders and stakeholders are respected equally in order to create confidence of shareholders and stakeholders in the Company, and for long-term operational result. Due to the Company's commitment to develop good corporate governance, it has, as a result, won the following awards and good corporate governance assessment score from external agencies as follows:

- Supalai Public Company Limited received “Thailand Sustainability Investment Award 2018” from SET Thailand. The award was given to listed companies with outstanding performance in sustainability development and enhancing the development of social enterprise for 4 consecutive years.

- Supalai Public Company Limited has been awarded the rank of “Excellence” of group rating of the survey of corporate governance report of the Thai Listed Companies of 2018 organized jointly by the Thai Institute of Directors Association, the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand for 6 consecutive years from the year 2013 to 2018 consecutively.
- Supalai Public Company Limited has received with the full assessment score of 100 for the quality assessment for the arrangement of the Shareholders for 6 consecutive years from the year 2013 to 2018 consecutively.

The Company established a Compliance Unit (For details, please refer to: Company’s Operation Supervise) to supervise, monitor and ensure that the Company’s directors, executives and employees comply with the requirements of external regulatory organizations. In 2018, directors, executives and employees of the Company, as well as, employees of the subsidiaries and associated companies followed the guidelines on Corporate Governance along with the Code of Conduct as well as other policies concerned. The details are as follows.

## Chapter 1 : Shareholders’ Rights

The Company recognizes and attaches importance to the rights of shareholders. It, therefore, shall not violate or reduce the rights of shareholders, instead, the basic rights will be provided to them on an equal basis, such as declaration of ownership in shares, the right to purchase and sell or transfer shares, repurchase of shares, the rights to receive dividend, to have a share in profit of the business and to consider all forms of remuneration, to receive sufficient data and information of the Company in a timely manner, to attend the shareholder’s meeting or to authorize the proxy to attend the meeting to exercise their rights to appoint or remove directors, auditors and matters having impact on the Company, etc.

The Company does not have a policy to create a mechanism that prevents the taking over of the Company business and makes the management or persons who have power manage the Company without transparency and efficiency. The shareholding structure of the Company does not include cross-holdings or pyramid schemes among its group of companies. The Company has a free float over 40 percent of issued shares. (see details on the website of the Office of Securities and Exchange Commission, Thailand. In addition, The Company has observed the policy on treatment of shareholders by requiring that the Board of Directors respect the rights and treat all shareholders equally, especially the small shareholders, foreign shareholders and institutional shareholders, not limiting to only legal rights. The Company has performed its duties and operated business with honesty, transparency and accountability towards shareholders, while managing and caring for the Company’s assets not to be depreciated, lost or wasted. It also shall not do any act for personal gains or the gains of related persons. The Company also has the policy to facilitate and encourage every shareholder and shareholders who are institutional investors to attend the Company’s shareholders’ meetings, while ensuring that the policies are observed in order to conduct the meeting in compliance with the laws and guidelines for shareholders’ meetings. In 2018, the Company’s shareholders had the following rights;

### 1.1 Rights to Receive Share Certificates and Rights to Buy, Sell or Transfer Shares

The Company has appointed Thailand Securities Depository Co., Ltd. to perform the duty as its securities registrar to provide convenience to shareholders regarding securities registration matters of the Company.

### 1.2 Rights to Propose Meeting Agendas in Advance, Nominate Persons to be Appointed as Directors and to Pose Questions Relating to the Company

The Company has set out criteria in proposing agenda, nomination of persons for appointment as directors and raising questions about the Company. This is to encourage small shareholders to participate in overseeing the Company



and to select qualified directors, who can perform their duties effectively for the best interests of shareholders and all groups of stakeholders (The criteria are posted on the Company's website ([www.supalai.com](http://www.supalai.com)) in the Investor Relations section under the "AGM"). For the 2018 meeting, the Company has published the criteria on both its website ([www.supalai.com](http://www.supalai.com)) and that of the Stock Exchange of Thailand from 1 October 2018 to 7 January 2019 in order for shareholders to nominate persons to be elected as directors, propose agendas and inquire about the Company. During such period of time, none of shareholders had made any proposal or nomination.

### 1.3 Right to Attend Shareholders' Meetings

#### ● Shareholders' Ordinary Meeting

The shareholders had been informed of the 2018 shareholders' meeting in advance since 1 October 2018 to enable them to plan for the meeting. In each year, the Company will arrange Annual General Meeting of Shareholders within not more than 4 months from the end of its fiscal year. Being aware of the shareholder rights, and to enable them to fully exercise their rights in the meeting, the shareholders are given an opportunity to propose the agendas for the meeting as well as the list of persons to be appointed as Company directors, and advance questions to the Company in both Thai and English, via the Company's website ([www.supalai.com](http://www.supalai.com)) at least 3 months prior to the closing date of the accounting year of the Company. In the past year, the Company had already notified its shareholders via the SET and its website since 1 October 2018 to 7 January 2019, for maximum benefit to the shareholders, the Company has posted in its website the criteria and supporting information, both Thai and English, for the meeting to give its shareholders time to study the information before the meeting. On the date of the shareholders' Annual General Meeting of Shareholders, the Board of Directors, Board of Advisor and the executives responsible for finance-accounting and certified public accountant would attend the meeting and be ready to answer questions.

Last year, the Company organized the Annual General Meeting of Shareholder on 24 April 2018 at Supalai Grand Tower, Rama 3 Road, Bangkok.

- ◉ Take the expressway via Dao Kanong and take Rama 3 exit (Chongnonsi-Nang Linchi road) then take the flyover bridge of 1 junction and turn left and pass through the tri-section traffic lights, go straight for 500 meters, then make a U-turn, Supalai Grand Tower is on the left.
- ◉ Take Bhumipol 1 Bridge and Bhumipol 2 Bridge from Suksawad road or Samut Prakan Province or Samut Sakorn Province to the exit on Rama 3 road, after reaching the traffic lights turn right, go straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left.
- ◉ From Thapra junction, go to Krungthep Bridge and to Rama 3 road, then get on the flyover until seeing the Head Office of Krungsri Bank (on the right), then do not continue on the bridge but go on normal road, Supalai Grand Tower is on the left. (take the bus number 205)
- ◉ From Asok-Sukhumvit junction, come straight passing Queen Sirikit National Convention Center and on the flyover bridge at Khlong Toei to Rama 3 road and on through 2 junctions floyover bridges. After leaving the bridge and passing the tri-junction before getting on Bhumipol 1 Bridge, go straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left. (take the bus number 205)
- ◉ From Silom-Sathorn, take Naradiwas Rajanagarindra road until reaching Rama 3 road, then turn right and go through the tri-junction before the road to Bhumipol 1 Bridge by going straight for 500 meter, then make a U-turn, Supalai Grand Tower is on the left.

- ◉ Take BTS

- Get off at Asok Station, take the bus number 136 (Mo Chit Mai – Khlong Toei) to the terminal at Khlong Toei, and take the bus number 205 (Khlong Toei – The Mall Thapra) to Supalai Grand Tower, which is on the right hand side.
- Get off at Talat Phlu Station, take the bus number 205 (The Mall Thapra - Khlong Toei) to Supalai Grand Tower, which is on the left hand side.

- ◉ Take MRT

- Get off at Queen Sirikit National Convention Center Station, take the bus number 205 (Khlong Toei – The Mall Thapra) to Supalai Grand Tower, which is on the right hand side.

- **Invitation Letter to Attend the Meetings**

The Company delivers an invitation letter to a meeting of shareholders with required documents to the shareholders to study in advance at least 21 days before the meeting date, both in Thai and English. The shareholders will then be well-prepared for the subjects to be considered at the meeting and also for their consideration whether to attend or not. The documents will include objectives and rationales along with opinions of Sub-Committees and the Board of Directors to support the consideration of each agenda clearly.

The Company clearly defines the agenda topics for the shareholders' meeting with no other agendas being proposed in the meeting. The Company will avoid adding any agenda that had not been identified in advance as it will not be fair to the shareholders who are unable to attend the meeting. Regarding the appointment of directors, the Company will provide the names and brief bio-data of each director to be appointed to the shareholders. Similarly, as for the appointment of the auditor, the Company will clearly identify the name of the auditor, his/her affiliated company, experience, skills, independence and the length of duration that the proposed auditor had been the auditor at the Company including his/her audit fees. Also, the Company will propose at the meeting to pay the dividend (if any). The Company's dividend policy will be announced with the dividend rates being proposed to the shareholders along with reasons and background information. (For details, see "Policy on Dividend payment of the Company and the subsidiaries"). In regard to the shareholders' meeting, in the invitation letter, the company will present the list of 3 independent directors in order for the shareholders absent from the meeting to choose whether to appoint independent directors or other shareholders as their proxies at his/her own discretion. With respect to the voting of each agenda, the shareholders can vote as pre-specified in proxy forms or their proxies can vote for all agendas at the meeting.

- **Meeting Invitation**

Thailand Securities Depository Company Limited the Company's share registrar, is responsible for forwarding an invitation to attend the meeting along with supporting documents for various agendas with adequate details for decision making as well as proxy forms as prescribed by the Ministry of Commerce and annual report to the shareholders not less than 21 days before the date of the meeting. This is to give its shareholders and institutional investors time to study details of each agenda and to make preparation for proxy where it is not convenient to attend the meeting on one's own. In addition, the stamp duties for affixing on the proxy forms are also provided free of charge to lessen the burden of shareholders as well as for their convenience.

Furthermore, the letter of invitation, supporting documents and proxy forms, both Thai and English, would be posted in the Company's website ([www.supalai.com](http://www.supalai.com)) more than 30 days before the meeting, as another channel of information for shareholder such is the same information forwarded by the Company to its shareholders in documentation

form. The meeting notification would also be advertised in the newspaper for a period of 3 consecutive days – 14 days before the meeting as stipulated by the laws.

The Company always informs its shareholders in the letter of invitation to attend the meeting of their legal voting right, principle and procedure. There would not be any other agenda added without prior notice except in case of urgency arisen after forwarding the invitation letter, or upon any urgency relating to or affecting the shareholders' interest and it is necessary to propose that as a special agenda. In such case, the Company would urgently call an Extraordinary General Meeting of Shareholders which the Company Secretary will take the minutes of the meeting properly and completely of every agenda to be further examined by its shareholders.

The shareholders who wish to propose the agenda must possess the following qualifications:

1. Being the shareholder(s) of the Company which can be either one shareholder or combined shareholders.
2. Holding not less than 5 percent of the total voting rights of the Company.
3. Must hold those shares as stipulated in 2 on the date on which the agenda.
4. Must hold those shares as stipulated in 2 on the book-closing date in order to determine the right of the shareholders to attend the AGM of that year.

Please note that, if, after the Company having checked the name of the shareholder(s) and it is not in accordance with criteria, The Company reserve the right for consideration even though the same has been included in the notice of the Annual General Meeting of Shareholder (AGM).

The Nomination and Compensation Committee will screen the lists proposed by the shareholders to see whether the persons nominated are qualified or not, accordance with the criteria for Nomination of Qualified Candidate for Directorship, has announced via the company's website since 1 October 2018.

### ● **Shareholders' Meeting Procedures**

On the meeting date of the Annual General Meeting Shareholders, the Company would have registration officers ready 2 hours before the meeting and until the end of the meeting to provide convenience to shareholders and proxies who attend the meeting. In addition, there has been an application of electronic and barcode technologies for the Annual General Meeting (AGM), e-Registration, as well as the e-Voting system beginning from the preparation of information for the members attending the meeting, printing of voting ballots and compiling of voting results according to the agendas and minutes of the meeting to facilitate the shareholders' meeting as well as organizing a reception for shareholders attending the meeting.

The Company encourages its shareholders to use voting ballots for every agenda by preparing voting ballots separately for each agenda to enable shareholders to cast their votes as deemed appropriate. The voting ballots would be collected in the meeting room.

Before the meeting begins, the chairman would assign the Company Secretary to inform the meeting clearly of the voting and vote counting procedures for each agenda under the articles of association, as well as the requirement that the voting ballots be used for every agenda in order for the shareholders to exercise their voting rights as may be deemed appropriate for each agenda.

Explanation on voting procedures and vote counting are as follows:

- The Company used barcode system to facilitate the vote-counting process.
- The shareholders had the right to vote according to the number of shares held, wherein one share was equal to one vote.

- For each agenda item, each shareholder was eligible to cast his/her votes, to either approve, disapprove, or abstain from voting. Split votes in other ways were disallowed.
- The vote-counting shall be made of the votes of shareholders attending the meeting and shareholders having appointed proxy recorded in advance by the Company when the proxy registers to attend the meeting. There shall be 3 types of vote-counting as follows:
  - 1) For the agenda to be approved by the majority vote of the shareholders who attended the meeting and casted their votes, the Company shall calculate the vote base by counting only the votes of the shareholders with voting right, who approve and disapprove. The votes of the shareholders who abstain from voting shall not be counted. If there is a tie of votes, the Chairman of the meeting shall have a casting vote.
  - 2) For the agenda to be approved by the majority vote not less than two-third of the total number of votes of shareholders who attended the meeting with voting right, the Company shall calculate the voting base by counting the votes of all shareholders attending the meeting with voting right, who approve, disapprove and abstain.
  - 3) For the agenda to be approved by the majority vote not less than three-fourth of the total number of votes of shareholders who attended the meeting with voting right, the Company shall calculate the voting base by counting the votes of all shareholders attending the meeting with voting right, who approve, disapprove and abstain.
- Each shareholder was eligible to cast his/her votes, to either approve, disapprove, or abstain from voting from on any agenda should indicate their votes on the ballot and submit only votes cast in disagreement and abstention to the Company's officers for vote counting. But votes cast in agreement will be kept after the end of the meeting.
- In the vote-counting process, the Company would deduct votes of the disapprove and abstention out of the total number of votes at the meeting in the agenda. And the rest will be the votes in approval. In consideration such votes will account for a shareholder vote by proxy with intent.
- As the counting of votes for each agenda shall be counted from the vote of the shareholders attending the meeting and entitled to vote on the agenda. It may have shares and number of votes on each agenda item which are not equal. This is because there may be some left the meeting or more incoming.
- For details on the voting results of each agenda item, the Chairman asked the meeting to consider action on all agenda items for the meeting is ongoing. When officials count the votes has been completed, it will prompt the meeting details of the results after the end of the meeting Agenda.
- If the shareholders wish to ask questions or comment at the meeting, they can raise their hands to do so before voting at the end of each agenda.

For the selection of directors, the vote would be cast individually to enable shareholders to elect the preferred directors, whereby the Company would nominate names to be voted one by one. For transparency of this agenda, every shareholder who either votes for, approve, disapprove or abstains, was required to vote by using ballots, which would be collected by the officers after all the votes have been cast. Each director who is elected must receive more than half of the entire votes cast by shareholders who attend the meeting and have the right to vote.

The shareholders who attend the meeting after the beginning time are entitled to exercise their voting rights or to cast their votes for the agenda during consideration and not yet voted, and the Company attendees would also be given an opportunity to raise questions or to give opinions with reasonable time for discussion. The issues of the questions and answers would be recorded in the minutes of the meeting in order to inform the shareholders who had not attended the meeting, and the chairman would conduct the meeting according to the agendas and would not add any agenda without notifying the shareholders in advance.

In 2018, the Company organized the Annual General Meeting of Shareholders of 2018 on 24 April 2018 at Supalai Grand Tower, Rama 3 Road, Bangkok. On the meeting date, the Chairman of the Board presided over the meeting to meet and answer questions posed by shareholders regarding the management of the Company. The Chairman of every Sub-Committee, Board of Advisor and Company Secretary, totaling 13 persons, had attended the meeting by the concerted as follows:

1.	Dr.Prateep	Tangmatitham	Chairman of the Board and Chief Executive Officer
2.	Mrs.Ajchara	Tangmatitham	Director and Executive Vice President
3.	Mr.Tritecha	Tangmatitham	Director and Managing Director
4.	Mr.Prakit	Pradipasen	Independent Director, Chairman of the Audit Committee
5.	Mr.Anant	Gatepithaya	Independent Director and Chairman of the Risk Management Committee
6.	Assoc.Prof.Dr.Somjai Phagaphasvivat		Independent Director and Chairman of the Corporate Governance Committee
7.	Assoc.Prof.Dr.Virach	Aphimeteetamrong	Independent Director
8.	Assist.Prof. Aswin	Bijayayodhin	Independent Director
9.	Mr.Atip	Bijanonda	Director
10.	Mr.Prasas	Tangmatitam	Director
11.	Mr.Krid	Chancharoensuk	Director
12.	Dr.Sahas	Bunditkul	Board of Advisor
13.	Mrs.Varunee	Lapitananuvat	Deputy Managing Director and Company Secretary

Furthermore, the Company had invited two persons, namely Miss Krongkaew Limkittikul and Ms.Yuwadee Thantarat, as the auditors from EY to attend since the meeting in order to listen to the opinions and answer questions raised by shareholders.

In the meeting, the Chairman explained before the meeting began how to vote and how to count the votes, as well as the requirement to use voting ballots for every agenda. The chairman also asked for concurring opinion that for those who attended the meeting later, they would be considered as forming a quorum and given voting rights from the beginning agenda, of which the meeting gave concurrence. To proceed with the meeting, the Chairman presented matters in the order of agendas and gave time for questions of each agenda. For other matters apart from the agendas, there was question time in the latter part, of which every shareholder had equal rights and was given reasonable time.



## ● Shareholders' Meeting

The meeting of shareholders will be facilitated by the Company, ensuring that it does not contain any complicated procedure or limit the opportunity of those who wish to study the information of the Company. In addition, the Company shall not perform in any way that creates barriers to or hinders effective communication among shareholders. The Company shall take into account the convenience of the participants by not organizing the meeting on traditional holidays or holidays of commercial banks. Also, it shall conduct the meeting during appropriate period, that is, during 8.30 - 17.00 hours and the venue is at the headquarters of the Company, which is in the area of Bangkok, and convenience is provided such as having the staff to provide sufficient convenience, to check documents and provide lunch for shareholders attending the meeting, while convenience is provided for the elderly and the disabled as well as security system and emergency plan for the participants.

In 2018, the Company organized the Annual General Meeting of Shareholders on 24 April 2018, of which 11 directors (the total number of directors is 11) and 2,050 shareholders attending the meeting. There were totaling 1,157,489,319 shares or 62.3115 percent of all outstanding shares (the total paid-up shares of the Company are 1,857,585,833 shares), comprising 84 shareholders who attended the meeting themselves with total shares of 512,592,509 shares, amounting to 27.5946 percent of all outstanding shares, and 1,966 proxies with total shares of 644,896,810 shares, amounting to 34.7169 percent of all outstanding shares, forming a quorum under the articles of association and under the Public Limited Company Act, i.e. not less than 25 shareholders must attend the meeting, either by themselves or by proxy, and with total shares of not less than 1/3 of all the sold shares. In addition, for transparency and to be in accordance with the best practice in organizing the shareholders' meeting of listed companies, volunteers Asst.Prof.Sukulrat Khumphaisan, Ph.D. was requested to observe the vote counting at the counting point. In addition, the voting ballots signed by the above witnesses were kept for later examination. At each agenda of the meeting, the Company held the voting and recorded resolution of the meeting clearly whether approve or disapprove or abstain from voting.

## ● Disclosure of Results of the Meeting

The Company had disclosed the resolutions of the ordinary shareholders' Meeting with result of the vote in a letter to the Director and Manager of the Stock Exchange of Thailand and on the Company's website ([www.supalai.com](http://www.supalai.com)) after completion of the meeting, which was on 24 April 2018 as well as the minute of the meeting with the votes for each agenda and important questions or suggestions fully recorded. The minutes of the meeting had been forwarded to the Stock Exchange of Thailand (SET), the SET's Board of Governors and relevant agencies within 14 days from the date of the meeting, that is on 7 May 2018 for the Annual General Meeting of Shareholders. The information on the meetings is available on the Company's website, and the Company had publicized VDO live of the sessions on the Company's website ([www.supalai.com](http://www.supalai.com)) to serve interested shareholders.

## ● Report on the shareholders' meeting

In order for the shareholders to review meeting details within a reasonable time and to ensure equality for both Thai and foreign shareholders concerning access to the information, the Company has implemented a policy on distributing minutes of the shareholders' meeting accurately and in a comprehensive manner. Each agenda contains important information, comprising explanation of the voting procedures, the essence of agendas, resolutions and voting results (either votes for, approve, disapprove, or abstain), as well as questions, clarifications, and comments during the meeting in both Thai and English, including the list of directors, with names and positions provided, attending the meeting, of which in 2018, all of them had attended. Such information will be displayed on the Company's website within 14 days from the meeting date for shareholders to ensure the accuracy of the minutes' data which will be later forwarded to the

Ministry of Commerce within the time prescribed by laws. In 2018, the Company publicized the minutes of the Annual General Meeting of Shareholders on 7 May 2018.

#### **1.4 Rights to Receive Dividends and Share of Profits**

The Company allocated profits to shareholders in the form of dividends. Shareholders will be informed of the Company's dividend policy along with the proposed interim dividend rates including reasons and other related information for their consideration. The Company determined the list of shareholders entitled to the dividends (Record Date) on 29 August 2018 Act with the dividend payment being scheduled to take place on 11 September 2018 (For details, see Section: Policy on dividend payment of the Company and subsidiaries).

#### **1.5 The Right to Consider Remuneration for Directors**

As regards remuneration for directors, the Company has complied with the policy on the criteria for considering and proposing the directors' remuneration to shareholders. Accordingly, the Nomination and Compensation Committee was appointed to consider the form and criteria for the payment of remuneration to each position of the directors. Such remuneration has been considered by taking into account the business size, business environment and economic condition in whole, overall performance that reflects and connects with the results of operations, as well as comparing with remuneration of those in the same industry at competitive and reasonable level. The Company has also proposed all forms of remuneration, i.e., monthly allowance, gratuity and meeting allowance, which will be proposed to the shareholders for approval at every Annual General Meeting of Shareholder. Neither cash nor other assets will be offered to the directors unless it is the remuneration as per the rights and entitlements on a normal basis for the position as directors of the Company (For details, see "Remuneration for Directors and Executives"). The remuneration payment shall be in accordance with the Public Limited Companies Act, Section 90, which stipulates that the remuneration payment to directors must be in accordance with the resolutions of the general meeting of shareholders that consists of not less than two-third of the total votes of the shareholders present at the meeting. The Company has publicized such a policy on its website ([www.supalai.com](http://www.supalai.com)) for the acknowledgement of both shareholders and the general public.

#### **1.6 The Right to Receive Adequate Business Information In a Timely Manner**

The Company has disclosed business-related information on the news system of the Stock Exchange of Thailand while also posting important information and current updates on its website ([www.supalai.com](http://www.supalai.com)). Such an effort is considered the protection of shareholders' rights beyond their legal rights.

#### **1.7 The Right to Approve the Appointment of Auditors and Determination of Audit Fees**

The Company has set out agendas for the appointment of auditors and determination of audit fees for shareholders to approve at the general meeting of shareholders on an annual basis. Details on the names of auditors proposed, the companies to which they belong, experience and capabilities, independence issue, and audit fees will be provided sufficiently to shareholders for consideration.

## Chapter 2: Equitable Treatment of Shareholders

The Company has complied with the policy to treat its shareholders equally by placing emphasis on equality of both major and small shareholders, and attaching importance to their fundamental rights and encouraging them to exercise their rights as given by law. Information is provided completely and equally to make the shareholders feel confident in making investments, and provide benefits and share profits on a equal basis regardless of gender, age, race, nationality, religious beliefs, social status, disability, or political opinion. Though shareholders are unable to attend the meeting because of any inconvenience, they are entitled to appoint a proxy to attend the meeting. For such purposes, the Company has publicized guidelines on the website of the Company ([www.supalai.com](http://www.supalai.com)) to inform the shareholders and the general public.

The Company is determined to develop total process itself towards international standard. Therefore, its business operation is conducted based on integrity, transparency and fairness. For effectiveness and achievement of its objectives, the Company had prescribed the Code of Conduct for its directors, executives and employees to be used as a guideline for proper behavior. It has also laid down as a policy for strict compliance for maximum benefit to the shareholders and stakeholders, i.e. conflict of interest management, confidentiality, responsibility for the property and reputation of the Company, and accountability to its stakeholders.

### 2.1 Conflict of Interest Management

The Company complies with the policy on conflict of interest, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy to prevent the conflict between personal interest of its employees or his/her close associates and the Company's overall interest by requiring that the directors, executives and every employee must avoid having any personal interest that will have adverse effect on their performance for the Company's interest or that will make it difficult to perform the work properly, e.g. to make investment or to involve in any business in which the Company is interested in and it has come to one's knowledge due to the work performed under one's responsibility; or to seek interest in any organization that conducts business or is the Company's competitor; or to conduct business on behalf of the Company with one's own family members or with any business organization in which oneself or one's family members are significantly involved; or to work as an employee, director, partner or advisor of an organization that conducts business or seeks to conduct business with the Company or is in business competition with the Company or provides service to the Company's main competitor; or to get involved in the work conducted on one's own or employed by others to the extent that causes adverse effect in any respect to the work performed for the Company. Besides, the Company has the policy to prohibit directors and executives with vested interest in any agenda from participating in such particular agenda of the Board of Director's meeting.

In this regard, every director, executive and employee is required to disclose upon arising of any situation believable as a cause for conflict of interest. Where an employee is in doubt that there might be a conflict of interest or there is something that might make others consider as a conflict of interest, he/she must report that to the Board of Directors promptly. Any business opportunity from utilizing of the Company's property or information must also be disclosed before using such opportunity for any purpose for self-interest. The Company's property or information or work position must not be used for personal gain survey on conflict of interest via Google Form.

# แบบรายงานการเปิดเผยรายการขัดแย้งทางผลประโยชน์ ประจำปี 2561

\* Required

ความขัดแย้งทางผลประโยชน์ หมายถึง สถานการณ์ การกระทำ โดยใช้ตำแหน่งหน้าที่ของตนเองทั้งทางตรงและทางอ้อม ในการแสวงหาผลประโยชน์ให้แก่ตนเอง ครอบครัว หรือบุคคลอื่นใด



The Company does not have any transaction in the form of financial assistance to any company that is not its subsidiary company. There has never been any case of insider trading by its directors or executives, or any case of violation/non-compliance with the rules on related party transaction and the rules on asset trading, the Company has publicized the Ethics and Code of Conduct, Director's Handbook, and Corporate Governance Policy Handbook on the website of the Company ([www.supalai.com](http://www.supalai.com)), to inform shareholders and the general public.

In 2018, The Company has required the directors, management and all employees to disclose potential conflicts of interest through a specific disclosure form and no such cases of significance have arisen.

## 2.2 Use of Inside Information

The Company complies with the policy on conflict of interest, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell. They shall not persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others. In addition, they shall not engage in any business that competes with the Company as well as its related businesses even though their businesses do not cause the Company to lose benefits. They shall also strictly comply with related laws. Directors and executives are required to

- Submit the list of their first securities holding and report on changes of securities holding including those of their spouses and minor children, as well as related persons. The submission and report shall be conducted in accordance with Section 59 of the Securities and Exchange Act 1992 (B.E. 2535) within 3 working days from the date of buying, selling, transferring or receiving the transfer of the securities. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.

- Report on the change of securities holding to the Securities and Exchange Commission Thailand and submit the copy of the report to the Company on the same day they submit the report to the Securities and Exchange Commission, Thailand.
- Directors and executives who know essential inside information that has influence on securities price must not buy or sell the Company's securities for one month prior to the disclosure of financial statement to the public and they shall not disclose such essential information to other people.
- Report to the Board of Directors on buying and selling shares of the Company at least 1 day before starting the transactions.

The Company Secretary will provide a written notice to directors and executives as well as the departments, which had acknowledged inside information, during the week before the closing date of financial statements, requiring them not to disclose the information to external persons or unrelated persons. Furthermore, they are prohibited from selling or buying the Company's securities in the duration of one month before the financial statements are disclosed to the public.

In 2018, the Board of Directors and executives have strictly followed the applicable rules. There was neither violation nor non-compliance with the regulations on buying and selling securities using inside information as well as those prescribed by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission Thailand. In addition, the Board of Directors and the executives have to report on their holding of the Company's securities when first being appointed and shall report on the change of their securities holding, which shall include the securities holding of their spouses and children who are minors as well as all relating persons. They shall also report on their holding of securities to the Board of Directors on a quarterly basis.

The Company considers inside information and all business information essential information for operation and management of the Company. Such information is confidential and shall not be disclosed to the public. If such information is exposed, the Company and its employees, including its subsidiaries, associated companies and particularly the value of the stocks traded on the Stock Exchange will be affected. Therefore, unless authorized to disclose, or legally obligated to disclose, the Company's personnel are required to maintain the confidentiality of inside information, the Company has publicized the Ethics and Code of Conduct, Director's Handbook, and Corporate Governance Policy Handbook on the website of the Company ([www.supalai.com](http://www.supalai.com)), both in Thai and English, to inform both shareholders and the general public. (For details, please refer to the Section "Use of Inside Information")





## 2.3 Related Party Transaction

The Company has complied with the policies on related party transaction by requiring that directors, executives and all employees as well as employees in the subsidiaries and associated companies strictly comply with the regulations of the Stock Exchange of Thailand in every respect. When a transaction is not in accordance with normal trading conditions, an approval must be obtained from the Audit Committee and then presented to the Board of Directors for approval of the transaction. The implementing steps regarding interrelated transactions or related party transaction are as follows:

1. To consider doing related party transaction, the Company shall use the same criteria as that used with general customers and in accordance with the Company's normal lending procedures to support the company operation which must be fair and reasonable with maximum benefits to the Company. For example, if the Group requests for a loan, an interest rate charged must be the same rate applied to the third parties.
2. The evaluation of the transactions of assets or services according to the total value of consideration paid or received or book value or the market value of such assets or services, depending on whichever is higher.
3. If there are transactions between each other of the Company or the subsidiaries incurred to the person who may have a conflict of interest or stake or may have a conflict of interest in the future, the Company will require the Audit Committee's comments about the need and appropriateness of such transactions. If the Audit Committee has no expertise regarding such transactions, the Company shall arrange for an independent expert or internal auditor of the Company to provide their comment in order to support the decision making of the Board of Directors or shareholders, as the case may be.
4. If the Company has a transaction between each other or other related party transaction which are applicable to requirements of the Stock Exchange of Thailand, the Company must strictly comply with such requirements.
5. The Company is required to disclose transactions with potential conflicts of interest or related party transaction or transactions between the Company and subsidiaries according to the regulations issued by the Securities and Exchange Commission Thailand which disclosed in its annual registration statement and annual reports or any other reports, as the case may be. There shall also be disclosure of related party transaction to the Stock Exchange of Thailand in accordance with the rules of the Stock Exchange of Thailand as well as items related to the Company in accordance with accounting standards which must be disclosed in the notes to the financial statements being audited by the auditor of the Company.

The directors, executives and all employees must avoid any personal interest that will have a negative effect on the performance of work for the benefit of the Company or making it difficult to perform the task correctly and efficiently. A conflict of interest may arise in many situations. However, in performing duties, the Company's benefit under legitimate law and ethics must be observed. The Company had completely disclosed related party transaction in its Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1). Furthermore, the Company forbids its executives and employees from undertaking or participating in any business that is in competition with the Company's business, regardless of whether such directors, executives and employees will receive either direct or indirect interests. It is clearly indicated in the Company's Code of Conduct. However, to conduct related party transaction or transactions with conflict of interest, the Board of Directors has laid as a policy that they must be considered and approved by the Board before proceeding. In addition, the information on names, relationship of connected persons, transaction value, reasons and the need must be disclosed in the annual registration statement and annual report as per the rules of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The meeting must also be attended by the Audit Committee to ensure that the related party transaction are conducted fairly, reasonably, and with proper pricing policy, taking into consideration the maximum benefit

of the Company, the Company has publicized guidelines on the website of the Company ([www.supalai.com](http://www.supalai.com)) to inform the shareholders and the general public.

In 2018, there was not connected transactions, which has violated and/or has not complied with the rules and regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand and the Company has no business group structure that has connected transactions in the form that might have conflict of interest.

## **2.4 Proposing Meeting Agenda, Nomination of Persons to be Appointed as Directors and Raising of Questions about the Company**

The Company has set rules for proposing meeting agenda, nomination of persons to be appointed as directors and raising of questions about the Company to give an opportunity for the minority shareholders to participate in monitoring the Company's operations and selection of qualified directors who can perform duties effectively for the maximum benefit of every shareholder and stakeholder of the Company. (The rules have been disclosed on the website of the Company ([www.supalai.com](http://www.supalai.com)) in the Section "Investor Relations" under the heading "Shareholder's Meeting")

For the Meeting in 2018, the Company has publicized such guidelines on the Company's website ([www.supalai.com](http://www.supalai.com)) and made an announcement on the website of the Stock Exchange of Thailand from 12 October 2017 to 5 January 2018 to invite the Company's shareholders to propose names of candidate to be appointed as directors, to propose meeting agenda and raise questions about the Company. However, no one proposed meeting agenda, names of candidate to be appointed as directors, or raised questions about the Company during such period.

## **2.5 Exercise of Voting Right**

The Company gives its shareholders equal voting right, one share one vote for ordinary share, which is the only type of share issued by the Company to its shareholders. One share shall be counted as one vote, and the majority of votes shall be deemed as the resolution of the shareholders' meeting.

## **2.6 Proxy**

The Company informed its shareholders in the event that they were unable to attend the meeting in person. These shareholders could appoint a proxy or an independent director nominated by the Company, who would be given rights and treated as a shareholder. The Company provided these shareholders with convenience by delivering to them a proxy form as set out by the Department of Business Development, Ministry of Commerce along with an invitation letter to the meeting in both English and Thai. This proxy form described thorough and clear details of the proxy and was delivered to the shareholders not less than 21 days prior to the meeting date. To ensure clarity and avoid inconvenience in attending the meeting of the proxies, details about the meeting, i.e., meeting schedule, agendas, including information on the procedures, documents and testimonials required for the proxy are also provided in the invitation letter. Such information was also posted on the Company's website ([www.supalai.com](http://www.supalai.com)) in the Section "Investor Relations" under the heading "Shareholder's Meeting" more than 30 days prior to the meeting date. In this regard, the shareholders can request further information via phone, email to the Investment Relations unit. (For details, please see the Section "Investor Relations")

## **2.7 To Facilitate the Holding of a Meeting of Shareholders**

To facilitate the shareholders who are foreigners, the Company has prepared all relevant documents in two languages i.e. English and Thai for Thai and foreign shareholders such as in Thailand and overseas, such as the notice of the meeting, proxy instrument, minutes of the meeting, annual report etc., and developed the Company's website ([www.supalai.com](http://www.supalai.com)) in two languages.

The Company will send the notice of the meeting and relevant supportive documents of various agendas to the shareholders not less than 21 days prior to the meeting date and will publicize details about the meeting, the meeting schedule and the meeting agenda on the website of the Company ([www.supalai.com](http://www.supalai.com)) 30 days prior to the meeting date.

The Company did not impose any conditions or rules that needed to be certified by government offices or other regulations that caused difficulties for shareholders to appoint a proxy. To lessen the shareholders' burden of acquiring stamp duties and photocopying, the Company provided stamp duties for affixing in the proxy form at the meeting and assigned staff to assist in photocopying and verifying documents required for attachment free of charge at the point of registration. The meeting was open for registration 3 hours before it commenced. Additionally, barcode technology was also used to facilitate casting votes while a reception was hosted by the Company for the participating shareholders.

## Chapter 3 : Roles of Stakeholders

The Company attaches importance to the rights of every group of stakeholders such as employees, customers, shareholders, communities and society, environment, trading partners, suppliers, government agencies, the Stock Exchange, banks and competitors. The Company has also set the Code of Conduct as ethical guidelines for business operations by taking into consideration the principle of fairness, human rights, legal respect, intellectual property rights and anti-corruption. In 2018, the Company has created policy on personnel information protection and reviewed other policies such as policy on employee development, Policy on remuneration and welfare, Policy on Human Rights Principles by taking into account the rights of such stakeholders according to the laws or the contract made with the Company. All directors, executives and employees including employees of the Company, subsidiaries and associated companies are required to strictly comply with such policies, and such policies have been disseminated on the Company's website in order to inform shareholders and the general public. Furthermore, it has provided its stakeholders with a channel for expression of opinion regarding its operations or for making complaints in case of unfair treatment by the Company via Company's website ([www.supalai.com](http://www.supalai.com)).

The Company identifies its stakeholders by taking into account the stakeholders with truly significant impact to the Company's operations, i.e. the organization's activities, products, services and connecting to value chains that cause economic, social and environmental impacts on the stakeholders, not only concerning the Company, but including its subsidiaries, partners that are related parties, without any influence or inclination towards presentation only the information of the stakeholders who are in favor of or agree with the Company.

### Human Rights Principles

The Company has complied with the policy regarding human rights principles, whereby all directors, executives and employees including employees in subsidiaries, associated companies must strictly respect the laws, the different cultures and traditions of each country in which the Company invests. The Company regards human rights principle as common practice by taking into consideration human dignity, freedom and equality of individuals, and shall not do any act and nor encourage the violation of human rights. The Company has provided a better understanding of human rights to employees in performing their duties, and has not supported any activity that violates human rights and all employees shall not do any act in the manner of sexual harassment, flirting, possessing pornographic pictures, using sexual language or touching the employees of the Company or outsiders who contact the Company.

In addition, the Company has also extended its policy regarding human rights respect to cover its contractors, manufacturers and suppliers of raw materials and services pursuant to its policies regarding business operations of the manufacturers / suppliers of raw materials and services to foster fair business operations in accordance with human rights principles.

See additional details regarding respect of human rights in the Sustainability Development Report 2018.

## Principle of Law Compliance

The Company recognizes the importance of law, and applies laws along with morality, ethics and integrity with both internal and external stakeholders. It can be seen from the Company's quality policy which is focused on continuous quality improvement in the system planning, design, construction, sales and community management to meet the requirements of the law, professional standard, occupation and written agreements with customers and in consideration of the stakeholder interest. Such quality policy are regarded as creation of culture in the organization and attitude for employees and executives to comply with the laws. The Company has adopted the policy to monitor the business operations to be in line with relevant regulatory laws. The Legal Department is responsible for updating the list of enforced laws within the Company and follow up the progress, the consideration and drafting legislations, relating to the Company's business operations as well as verification, revision, amendment, confirmation on the updated list of enforced laws, and confirmation on law compliance of every department once a year (within June of each year). In general, Legal Department will report to the Chief Executive Officer, and / or the Board of Directors subject to nature of the case. Then it will be reported to the Management Committee, the Audit Committee and supervisors in all departments. Furthermore, the Chief Executive Officer has assigned the Internal Audit Unit to be responsible for the follow-up of the result as well.

In addition, the Company also provides trainings to all employees involved whenever there is a promulgation of new laws or there is modification, amendment or revocation of laws or regulations as well as educating new employees, such as trainings and seminars held by the Legal Affairs Department, offering comments to improve rules and regulations suitable to the economic social environment through the state agencies and independent organizations such as the National Economic and Social Advisory Council, etc.

Throughout the course of business, It is apparent that the business of the Company has not only focused on the best interests of the organization but also carried out the management by adhering to the legal principles, honesty, integrity, transparency, honesty and accountability as well as paying attention to the importance and responsibility of concerned parties, both directly and indirectly, such as customers, suppliers, competitors, social, environment and local culture based on compromising principles along with the political and legal principles.

## Intellectual Property

The Company has complied with the policy on Intellectual Property by requiring that the directors, executives and all employees as well as employees of the subsidiaries and associated companies strictly comply with such principles. Products or production procedures, findings and development, improvement or invention of products, process, procedures; or objects made, used, sold or developed by the employees relating to the work of the Company or expanded from the work of the Company shall be considered as the products or procedures of the Company. All employees have the duty to maintain the confidentiality of trade secret, namely, business information and all technical information of the Company by protecting confidential information or business partners of the Company. The obligation to protect such information shall continue even after the employees have already resigned from the Company.

Any employees who disclose any information without permission and cause damage to the Company shall be subject to penalty according to the law. All the employees shall use computer programs with the copyrights provided by the Company, and shall not install and use unlicensed computer software in the Company, shall not demand, accept or use business information acquired illegally or immorally, and shall not to infringe the copyrights, patents and trademarks of others.

## Responsible to Stakeholders

### Analysis of Stakeholder and Development of Operation Strategies

The Company attaches importance to the attention to and care for all groups of stakeholders both inside and outside the Company including the responsibility to the society and the environment. Accordingly, the stakeholders have been divided into 11 groups, namely employees, customers, shareholders, communities and society, environment, trading partners, suppliers, government agencies, the Stock Exchange, banks, and competitors, whereby the criteria on connection has been taken into consideration.

### Criteria for Stakeholder Identification

The Company has categorized its stakeholders into 2 major groups as follow:

- Primary Stakeholders are those who are directly involved with the business, receiving direct interest or effect from the business operations, i.e. employees, customers, trading partners, shareholders, communities and society, environment, suppliers, banks and competitors.
- Secondary Stakeholders are those who are indirectly involved with the business, receiving indirect interest or effect from the business operations, i.e. government agencies and the Stock Exchange.

Due to a wide variety of stakeholders, the Company has arranged various tools and channels to look for the needs and expectations of each group of stakeholders, as well as to exchange opinions for further development by the Company, such as;

- Customer opinion survey after transfer of ownership.
- Collecting of comments, from customers, Suppliers and employees through suggestion box.
- Expression of opinions in the shareholders' meetings, where shareholders can ask for information, as well as to give suggestions in respect of the Company's products, services, and operations in various aspects.
- Employee visit, both at the Head Office and project sites, by top executives and Human Resource Department, to look after their daily livelihood and operations.

From the use of such tools and channels as guidelines for operation improvement and in responding to expectations of every group of stakeholders properly and continuously, it will eventually result in sustainable business growth based on participation and good corporate governance. Further details regarding the requirement, the stakeholders' expectations and the stakeholders communication channels can be found in the Sustainability Development Report 2018.

### Analysis of Economic, Social and Environmental Trends and Changes

The Company has used data from analysis of economic, social and environmental trends and changes in considering the matters that are important to the Company's operations which may affect the stakeholders. Furthermore, it has also used data from risk analysis with significant economic, social and environmental impacts, both from internal and external factors and severity of impact in consideration of the matters that are important to the Company's operations. They are disclosed in its annual report for 2018 under the topic of General Economic Conditions, Social Responsibility, Personnel Development, and Community Care.

Its economic, social and environmental practices result from stakeholder analysis, using criteria that are industrial benchmarks, all of which are significant to the organization in economic, social and environmental dimensions, in line with the expectations of its stakeholders.



The economic, social and environmental practices of the Company start from complying with relevant laws and regulations, ensuring that the impacts from its operations would not cause problems to the community, neighboring areas, or the society affected from its business operation. It has also given chance for the community and society to play a part in its operations, created shared value between the business and the society, as well as having laid down guidelines and conduct operations towards sustainability. Thus, it is in line with the sustainability development plan in developing business towards Creating Shared Value.

## Management Guideline

The elements of management guidelines are as follows;

1. Vision: the Company defines its vision as a leader in sustainable real estate development by participating in the social and environment progression, which has arisen from the awareness to create sustainable development of the organization.

2. Strategic objectives: the Company defines its management philosophy as;

To develop quality society of “Supalai People”, the Company sets out a firm commitment in creating quality housing, continuing product development, developing a society of warmth and safety, developing good services in professional manner for customer satisfaction by adhering to its management philosophy.

3. Key performance indicators: criteria have been put in place to indicate that something has impact on operation results, the Company has defined reasonable indicators that can provide clear, non-complicated information that is measurable and proper to the organization.

4. The Company has reviewed its activities relating to stakeholders to ensure that they are in accordance with the objectives and key performance indicators, business nature, business size, and readiness of the organization.

5. There has been review of the relationship between activities and strategic objectives by ensuring that the activities conducted can respond to the strategic objectives for efficiency in performing its social and environmental activities.

6. Action has been taken for CSR-in-process and CSR-after-process with budgets allocated by the Company, pressing forward various activities, including participation by employees and stakeholders.

In this regard, the Company has defined the scope and format of operations in each issue for each group of stakeholders as follows;

### A) Employees

Employees are considered the highest valued resources, the Board of Directors has, therefore, laid down clear and tangible policy of employee treatment, in respect of remuneration and welfare. That is, the Company has committed to comply with the policy on Treatment of Employees, Policy on Remuneration and Welfare and Policy on Employee Development. The Company is fully aware that employees at all levels are valuable resource of the Company, which is a factor for success and achievement of the goals of the Company. Accordingly, it shall provide care and fair treatment in terms of opportunity, returns, appointment, transfer and trainings for the employees as well as encouraging them to show their potential in order to be part of a sustainable development of the organization. The Company is well aware of the importance of all employees regardless of which section or department they are working in without any discrimination, and focuses on creating a good working environment, safety, with appropriate remuneration for their work. Such remuneration has been considered to be paid at similar rates of the same group of industry and according to the operational results of the Company, that is, for the short term, it depends on the ability to make profits each year, while for the long term, the employees are provided with Employee Stock Options. This also depends on the considerations of the Nomination and Remuneration Committee and

the Board of Directors. There is also good welfare to employees in various forms as well as the provision of innovation and new technologies to support their work as rewards to all employees. Regarding development of personnel, the Company is fully aware that employees are valuable assets. Therefore, it always emphasizes development of knowledge and ability for all employees in order for them to grow sustainably along with the organization. Various policies of the Company have been publicized on the Company's website ([www.supalai.com](http://www.supalai.com)), for every employee to acknowledge and such policies are also included in every orientation of new employees.

The Company is well aware of the importance of its employees. It pays attention to and treats every employee of every level with fairness, both in terms of remunerations and welfares as prescribed by the labor laws. It also looks after employees and their family in emergency time based on loving kindness principles. Moreover, employees are given opportunities to be promoted along with the Company's growth. The Company attaches importance to the potential reinforcing of its employees because it foresees that **"personnel"** is essential resource considered as Human Capital. They can push business operation forward to meet the targets, which will result in a sustainable growth of the Company. In this regard, the Company has conducted annual Opinion Survey under the slogan **"Every valuable opinion means every growth and progress together with the Company"**. More detailed information on employees can be found in the Sustainability Development Report 2018.

In addition, employees are encouraged to fulfill their potentials for greater efficiency to increase competitiveness. There is Employee Development Plan (EDP) carried out in the direction that is in accordance and connected with business strategy. It is considered by the Company as a key policy and implemented continuously. Employees are encouraged to learn new things, as well as to practice necessary skills in order to increase their capability. Support is provided to employees of all levels so that they can obtain knowledge to enhance their efficiency. The Company has implemented the Competency system for personnel development of knowledge and ability, as well as to accumulate knowledge, skill, personality and desirable attitudes proper for the positions. The Company has communicated to every employee of every level to have a right way of thinking and right attitude with understanding in the principles and philosophy on Core Competency. The activity for Team Learning & Development has been arranged under the program for development and increase of efficiency and neo workforce based on its Core Competency to bring about change in behavior for the building of new work culture.

More detailed information on employee training can be found in the Sustainability Development Report 2018.

## **B) Customers**

The Company has committed to comply with the policy on treatment of customers, and requires that the directors, executives and all employees as well as employees of the subsidiaries and associated companies to strictly comply with such policy in order to focus on the development of customer's satisfaction and confidence and is committed to treat customers with integrity, honesty and fairness on the basis of a fair return to both parties, while delivering a quality product at a fair price as well as aiming to provide, develop and produce quality products to meet customers' demand with regular evaluation and improvement of the potential impact on customers. The Company also controls and ensures that its product has the quality that is up to the standards and requirements of the Consumer Protection Act or other relevant laws, and also provides effective after- sales service to the customers. Such policy has been disseminated to customers through the Company's website ([www.supalai.com](http://www.supalai.com)).

The Company focuses on building customers' satisfaction and trustworthiness. It has, therefore, implemented the quality management system, ISO 9001: 2015, an international standard mainly emphasizing quality management and customers' need. The Company pays attention to every step with the need for quality check up to the delivery of goods to customers, including servicing. The management is carried out in a preventive manner based on customers' satisfaction,

which is of direct benefit to the consumers. It is also another alternative for the consumers to choose houses that undergo the management process under ISO standards. The Company has laid down its quality policy as follows: “Supalai Plc.” puts emphasis on the continuous development of “quality” in the systems of planning, designing, construction, sales and community management, to be in line with legal requirements, professional standards and written agreements made with customers and the consideration of stakeholder interest.

More detailed information on practices can be found in the Sustainability Development Report 2018.

### **C) Suppliers**

The Company has committed to comply with the policy on Treatment of Trading Partners, it has the policy to treat its contractors, trading partners, and banks equally with fairness, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy, by taking into account the best interests of the Company, while focusing on fair returns to both parties by avoiding situations that cause a conflict of interest. It shall also comply with contractual obligations by providing accurate information and correct reports. Any negotiation to solve problems and find solutions shall be based on the business relationship. The Company has supported the construction contractors on a continual basis to boost the morale and to encourage them to create quality work products.

The Company has committed to comply with the policy on Treatment of Creditors, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The Company is committed to conducting business in a fair manner in order to create trust among creditors. The Company is committed to maintaining a sustainable relationship and mutual trust with the creditors. The Company is committed to strict compliance with the conditions of the creditors regardless of whether it is the objective in spending the money, repayment, maintaining of quality of collaterals and any other agreed matters made with the creditors in order to achieve mutual benefits. In the case of non-compliance with any of the conditions, it shall inform the creditors promptly in order to jointly solve the problems by applying reasonable principles. The Company shall not do any dishonest act against the creditors. The Company treats its counterparties/creditors as follows:

- The Company strictly complies with various agreements and conditions. In the event where the Company cannot fulfill any one of the conditions, it will inform the creditors promptly in order to jointly find a solution based on rationality.
- The Company strictly follows the conditions made by its creditors, regardless of whether it is about the spending objectives, repayments, maintaining of quality of collateral, guarantee conditions, capital management, payments for goods, and any other matters agreed with its creditors in order to achieve mutual benefits.
- The Company attaches importance to the payment of goods by making payment upon due date as agreed. However, in some cases where a supplier needs to receive payment before due date and agrees to give discount, the Company is willing to provide assistance if it has adequate liquidity and in a position to do so.
- The Company has adopted as its policy, requiring employees whose work is to contact with suppliers to be fair-minded. In particular, employees must not receive or demand any benefit from suppliers or potential suppliers, which may affect the fair assessment or consideration in purchasing and price. This has been indicated in the Code of Conduct to be strictly complied with by the directors, executives and employees. Before making any purchase order such as construction materials for house, suppliers that are the Company’s counterparties must propose quotations first so that the Company can compare for the best proposals and terms.

- It is the Company's policy to treat contractors as business partners, while adhering to contract or agreement mutually made under requirements of the law. In order to obtain mutual benefits in operating business between the Company and its trading partners, the Company has followed the policy to select the contractors (trading partners) on a fair basis with transparency and strictly complying with trading conditions. It also jointly considers and solves the problems with the contractors on a regular basis, for instance, the Company normally employs the contractors by providing a lump sum for the materials and the labor cost, however, in case of shortage of materials, the Company has leverage potential to assist the contractors to procure material supplies for maximum benefits in the joint business operation. In addition, the Company provides privilege to the construction contractors having worked for the Company for a long time to carry out construction work in the provincial projects in order to have work continually.
- The Company has organized events to express its gratitude to the contractors and presented the award to the role model contractors in order to strengthen mutual relationship and boost the contractors' morale so as to create continual constructive work.
- The Company has also coordinated with the banks to provide support of credit lines to the contractors so as to have supplement liquidity and capacity in expanding work.
- The Company has also supported the contractors to have an opportunity to expand or change the residence by providing discount rate privilege to contractors building houses in the Company's projects to buy Supalai's houses or the houses of its subsidiaries.
- The Company has offered a chance to new contractors to jointly work with the Company in order to create quality work.
- To jointly find a way, to develop and test materials in cooperation with the manufacturers to ensure that all materials used for construction possess the qualifications as specified.
- Taking into consideration fairness to financial institution creditors.

The Company has informed its trading partners of such policies and disseminated them on the Company's website : [www.supalai.com](http://www.supalai.com)

## **D) Shareholders**

The Company places emphasis on the quality and sustainable business growth. Thus, it has conducted business with integrity, transparency, aiming to provide good services for customers' satisfaction, which will result in value adding and maximum returns to its shareholders in the long run. All shareholders, both major and small shareholders.

The Company complies with a policy on equal treatment of both major and small shareholders by respecting their rights, and treat all of them equally, while operating business with honesty, integrity and transparency. The Company also manages its business to grow on a stable basis for sustainable benefits of shareholders by carrying out efficient operation with good business performance, while disclosing information to shareholders appropriately, completely with standards under legal framework, ethical principles and good corporate governance practice.

## **E) Community, Society and Environment**

The Company has committed to comply with the policy on Responsibility toward Community, Society and Environment, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy. The Company is committed and attaches importance to business operations

with the responsibility towards communities, society and the environment in order to achieve sustainable development in terms of economic, social and environmental aspects by taking into account interest of related stakeholders in the project area as well as the society in general. This is to return benefits to the community, the society and the environment on a sustainable basis. More detailed information on practices can be found in the Sustainability Development Report 2018.

## **F) Environment**

As regards the use of resources, the Company has also observed the policy on efficient use of resources, whereby the directors, executives and all employees including employees of the subsidiaries and associated companies are required to strictly observe this policy as currently, natural resources are diminishing; the Company, therefore, focuses on raising awareness of the employees to make the most effective use of resources in order to further create the habit and apply at home. This by-product is also expected to result in more efficient use of resources at national level. Such good habit would be passed on to the younger generations and be a role model for the future. This habit will lead to the concept of “thinking before using” and will further help create the saving habit. It also provides knowledge on the environment, health and safety to the employees and the general public in order to be applied at the office and extended to the outsiders. The topics of the trainings comprise “Saving Energy of the Company” and “Producing Household Products”, which can be naturally decomposed and not adversely affect the environment. More detailed information on practices use of resources can be found in the Sustainability Development Report 2018.

The Company and its subsidiaries have not been investigated or under investigation by any authorities regarding the practices of the Company or its subsidiaries, in respect of any violation of social and environmental laws. It has also never taken part in or been accused of undertaking business in such a way that create adverse effect on the society and the environment, either in the news published in the media or in the case that might significantly affect business operations, reputation, or trustworthiness of the Company or its subsidiaries.

## **Safety, Occupational health and Environment in Working**

As regards safety, the Company has complied with the policy on safety, occupational health and environment in working, whereby the directors, executives and all employees including employees of the subsidiaries and associated companies have strictly complied with such policy. Having attached importance to the safety, occupational health and environment in working, the Company is committed to improve its operations in terms of safety, occupational health and environment on a continual basis. Activities on safety in working have been encouraged and supported, while monitoring and evaluating the policy implementation for maximum efficiency.

The Company has set up the Committee on Safety, Occupational Health and Workplace Environment in accordance with the Notification of the Ministry of Labor and Social Welfare, Re: Committee on Safety, Occupational Health and Workplace Environment. More details on activities regarding occupational health, safety and working environment can be found in the Sustainability Development Report 2018.

In addition, the Company had reported the statistics on accidents in the report of professional level of the work safety officer in accordance with the Notification of the Ministry of Labor and Social Welfare, Re: Work Safety of Employees, which done on quarterly basis. More detailed information can be found in the Sustainability Development Report 2018.



## **G) Government Agencies**

The Company has complied with the laws while operating according to international standards and strictly reported on such compliance, be it the tax payment and other expenses according to the regulations and rules prescribed by the state sector, and provided cooperation and support in implementing the state policies for the benefits of the country. It is also committed to carry out projects beneficial to the public, either being assigned by the state sector or initiated by the Company itself.

The Company has no operation that is in violation of the laws regarding labor, employment, child labor, consumers, trade competition and environment; it also has not been subject to any action by regulatory agency due to its failure to publicize information on significant event within the time prescribed by the authority.

The Company has established channels of communications for stakeholders to communicate and provide suggestions and information beneficial to the Company's business operation, or to directly submit complaints to the Audit Committee in case of malpractices. Such information or complaints shall be kept confidential in order to protect informants or whistleblowers and maintain confidentiality of the complainants as the access to this kind of information would be restricted to only responsible persons to examine the complaint issues, and only independent directors shall consider, give instructions and report to the Board of Directors. Such channels consist of Supalai Smart Center, tel: 1720 and 02-725-8899 "You call, We care", or the Company's website: [www.supalai.com](http://www.supalai.com) or the opinion boxes at the projects.

## **H) Competitors**

The Company has committed to comply with the policy on Treatment off Competitors, whereby directors, executives and all employees as well as employees in the subsidiaries and the associated companies are required to strictly comply with such policy.

- Whereby the business operations shall be conducted under the free and fair competition framework and shall not seek trade secret of the competitors by fraudulent, dishonest, inappropriate, immoral or illegal acts.
- Regarding its competitors, the Company shall not do any act to cause damage to the reputation of the competitors by accusing, defaming or using any tactics without grounds; and shall not do any act to violate intellectual property rights and copyrighted works of others or competitors; and shall not conduct monopoly with its trading partners or suppliers. The Company has never had any dispute regarding trading competitors.

Such policy has been publicized on the website of the Company ([www.supalai.com](http://www.supalai.com)).

## **I) The Stock Exchange of Thailand**

The Company operates with transparency in accordance with a good corporate governance by strictly complying to the regulations of the Stock Exchange of Thailand. More detailed information can be found in the Sustainability Development Report 2018.

## Chapter 4: Information Disclosure and Transparency

The Company has a policy to disclose the information to the investors and all groups of stakeholders equally by disclosing accurate, complete and transparent information in a timely manner. Such information includes the information on finance, results of operations, future directions of business operations and other information. Thai disclosure will allow in order that the shareholders and all groups of stakeholders to be able to access to the Company's information conveniently, promptly and in a timely manner.

### 4.1 Shareholding Structure

The Company has clearly disclosed the structure of shareholders with most updated information so that the users of the information are able to access to the accurate information of the Company by presenting details of the structures of the major shareholders and the proportion of the small shareholders. In addition, the Company doesn't allow one company and two other companies or more to hold each other's shares to take advantage of business clusters or to create structures of the group of companies. (Please see details under topic "Overview of business operations of the Company and its subsidiaries" and "Chart Indicating Shareholding Structure of the Group of Company").

### 4.2 Disclosure of Attendance of Each Director at Board of Directors' Meetings

In 2018, the Company organized the Board of Directors' meetings and Sub-Committees' Meetings, whereby the number of attendances of each director has been disclosed as follows:

Director's name	Directors' meetings for the Year 2018				
	Board of Director (13 Meetings)	Risk Management Committee (2 Meeting) <sup>(A)</sup>	Audit Committee (12 Meeting)	Nomination and Compensation Committee (2 Meeting)	Corporate Governance Committee (1 Meeting)
1. Dr.Prateep Tangmatitham	13/13	-	-	-	-
2. Mrs.Ajchara Tangmatitham	13/13	-	-	2/2	-
3. Mr.Tritecha Tangmatitham	13/13	2/2	-	-	1/1
4. Mr.Prakit Pradipasen <sup>(B)</sup>	10/10 <sup>(B)</sup>	-	9/9	1/1 <sup>(B)</sup>	-
5. Mr.Anant Gatepithaya	12/13	2/2	11/12	-	-
6. Assoc.Prof.Dr.Virach Aphimeteetamrong	13/13	-	-	2/2 <sup>(B)</sup>	-
7. Assoc.Prof.Dr.Somjai Phagaphasvivat	12/13	-	1/1 <sup>(B)</sup>	1/1 <sup>(B)</sup>	1/1
8. Assist.Prof.Aswin Bijayayodhin	13/13	-	12/12	-	-
9. Mr.Atip Bijanonda	13/13	2/2	-	-	1/1
10. Mr.Prasas Tangmatitam	13/13	-	-	-	1/1
11. Mr.Krid Chancharoensuk	13/13	2/2	-	-	-

**Remarks** (A) The Risk Management Committee comprises of the following, 2 member of the Board of Directors, who are 1) Mr. Atip Bijanonda and 2) Mr. Anant Gatepithaya, 2 Executive Directors, who are 1) Mr. Tritocha Tangmatitham 2) Mr. Krid Chancharoensuk, and 6 Management Directors, who are 1) Mrs.Varunee Lapitananuvat 2) Mr.Punnapan Nengpetch 3) Mr.Kittipong Sirilugtrakun 4)Mr.Boonchai Chaiananbovorn 5) Mrs.Suchawadee Suppha-asa 6) Ms.Tanwarat Punyaratana

(B)Mr. Prakrit Pradipasen, Independent Director, Chairman of the Audit Committee, Chairman of the Nomination and Compensation Committee, had resigned on 15 October 2018. Consequently, the Board of Directors Meeting 12/2018 on 13 November 2018 has made the following changes.

1. Mr. Anant Gatepithaya is now Chairman of the Audit Committee and Director of Risk Management Committee
2. Assoc.Prof.Dr. Virach Aphimeteetamrong is now Chairman of the Nomination and Compensation Committee.
3. Assoc.Prof.Dr. Somjai Phagaphasvivat is now Director of the Audit Committee and Director of Nomination and Compensation Committee.
4. Mr. Atip Bijanonda is now Chairman of the Risk Management Committee.

### 4.3 Report on Direct and Indirect Holding of Securities of Directors and Executives

The Company has put in place the supervision of the use of inside information by requiring that its directors and executives submit the list of their securities holding including those of their spouses, children who are minors and related persons and report on changes of the list to the Office of the Securities and Exchange Commission within 3 day from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act 1992. The directors and executives are also prohibited from buying and selling of the Company's securities one month prior to disclosure of financial statements to the public and forward the report on selling and buying of Company's shares to the Company Secretary to keep as evidence.

In 2018, the company arrange to prepare a report on direct and indirect securities holdings of the directors and executives and also changes in securities holdings of the first 4 directors and senior executives at to the Board of Directors' meetings for acknowledgement 4 times in January, April, July and October. The details are as follows:

Report on Holding of Securities of Directors and Executives as of 31 December 2018

Name	Number of Share							
	As of 31 December 2017		Acquired during year 2018		Disposed during year 2018		As of 31 December 2018	
	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's
1. Dr.Prateep Tangmatitham	406,865,644	110,128,911	110,218,911	-	-	110,128,911	517,084,555	-
Spouse and Underage Children	90,188,200	22,547,050	22,547,050	-	-	22,547,050	112,735,250	-
2. Mrs.Ajchara Tangmatitham	90,188,200	22,547,050	22,547,050	-	-	22,547,050	112,735,250	-
Spouse and Underage Children	406,865,644	110,128,911	110,218,911	-	-	110,128,911	517,084,555	-
3. Mr.Tritecha Tangmatitham	1,332,000	333,000	508,000	-	-	333,000	1,840,000	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
4. Mr.Anant Gatepithaya	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
5. Assoc.Prof.Dr.Virach Aphimeteetamrong	2,231,466	577,866	557,866	-	-	577,866	2,789,332	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
6. Assoc.Prof.Dr.Somjai Phagaphasvivat	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
7. Assist.Prof.Aswin Bijayayodhin	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
8. Mr.Atip Bijanonda	5,334,140	1,333,535	-	-	-	1,333,535	6,667,675	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
9. Mr.Prasas Tangmatitiam	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-

Name	Number of Share							
	As of 31 December 2017		Acquired during year 2018		Disposed during year 2018		As of 31 December 2018	
	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's	Ordinary Shares	Warrants the right offering of the company's
10.Mr.Krid Chancharoensuk	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
11.Mrs.Varunee Lapitananuvat	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
12.Mr.Punnapan Nengpetch	759,733	189,933	189,933	-	-	189,933	949,666	-
Spouse and Underage Children	-	-	-	-	-	-	-	-
13.Ms.Siriphon Wongsapar	-	-	-	-	-	-	-	-
Spouse and Underage Children	-	-	-	-	-	-	-	-

## 4.4 Report on Vested Interest

Supalai Public Company Limited has committed to comply with the policy on Vested Interest, by setting requirements that the directors and executives report to the Company on their own or their related person's vested interest relating to the management of business of the Company or its subsidiaries pursuant to Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008). Such report shall constitute information to support the Company's operations according to the requirement regarding related party transaction, which may cause conflict of interest and lead to the siphoning of interest of the Company and its subsidiaries. The directors and executives must also perform their duties with care and honesty and they shall make decision on the Company's matters without vested interest either directly or indirectly. The information in such report is, therefore, beneficial in monitoring and ensuring that the directors and executives perform their duties in accordance with such principles.

### Reporting

- The directors and the executives are required to report to the company their own stake, or those of their related persons in case of stake related to the management of business of the company or its subsidiaries by filling in Form for Reporting on Stake of Directors and Executives (as in attached document) as follows;
  - First report: It should be done by the 15<sup>th</sup> of the following month from the date when there is transaction of stake.
  - Report on changes of information on stake: It should be made without delay, that is, within 3 business days from the date when the information has been changed by specifying the orderly number of such change.
- The directors and executives shall submit report form of having their own stake or those of their related persons to the Company's Secretary for acknowledgement immediately or within the specified date. The Board of Directors has been required to submit the report in accordance with reporting form "Report of Interest" of the Listed Companies Association.

3. The Company Secretary shall do as follows;

- Submit a copy of the report on stake according to Section 89/14 to the Chairman of the Board of the Company and the Chairman of the Audit Committee quarterly.
- Disclose the information on stake of directors and executives in the annual report (Form 56-2) and the annual registration statement (Form 56-1).

In addition, during the past year, there was no director, executive and related person having vested interest that may cause conflicts of interest.

## 4.5 Diversification of Communication Channels

For the disclosure of key information, the Company had done via various channels and the media on consistency basis to enable its shareholders and stakeholders to be informed entirely. The channels for dissemination are as follows.

1. The Stock Exchange of Thailand
  - 1) Annual Report
  - 2) Financial Statement
  - 3) Operational Results Report on a quarterly basis
  - 4) Resolution of the Board and others
2. The Securities and Exchange Commission, Thailand
3. Ministry of Commerce
4. Newspaper
5. Magazine
6. Television
7. Press Release
8. Investor Relations (contact 0-2725-8888 Ext.857 or e-mail address : [ir\\_spali@supalai.com](mailto:ir_spali@supalai.com))
9. The Company's website ([www.supalai.com](http://www.supalai.com))
10. Company Visit and One-on One Meeting
11. Domestic and Foreign Road Show
12. Analyst Meeting
13. Public Relation, Press Conference and Press Release of financial status of the Company
14. Document delivery notify shareholders by mail

In 2018, the Company disclosed the financial information, explanation on financial position analysis and operational results (Management Discussion and Analysis) including reports on information and important decision making to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand and the shareholders regularly on a quarterly and an annual basis via the news system of the Stock Exchange of Thailand, while also disseminating information through the website of the Company in both Thai and English.



The financial statements of the Company had no qualified opinions from the auditors. The Company has no record of delays in submitting the quarterly and annual financial reports and has no notification from external regulatory organizations to correct the financial statements.

Besides, the Company publicized the invitation letters for Annual General Meeting of Shareholders supporting documents of the meetings, minutes of the latest shareholders' ordinary meeting and annual reports on the Company's website that can be easily downloaded. The Company also publicized the Annual Report within 120 days after the end of the fiscal year.

#### 4.6 Investor Relations

The Board of Directors of the Company is well aware of its mission and duty to treat all shareholders equally by ensuring that the disclosure, both financial and non-financial information, is made correctly, fully, adequately, reliably and in a timely manner so the shareholders can receive information on an equitable basis as required by laws, relevant organizations and government agencies. The Investor Relations Section under the Business Development and Investor Relations Department is the Company's representative in communicating and supervising general investors, securities analysts, and shareholders. Information will be disseminated via various channels, ranging from the mass media, website, telephone, the Stock Exchange of Thailand, the Securities and Exchange Commission, Thailand.

Before making any disclosure via various channels, in normal and urgent cases, it must be firstly considered by the Board of Directors for correctness, completeness, adequacy of information, before forwarding to the Stock Exchange of Thailand. Once forwarded to the Stock Exchange of Thailand, the financial statements will be disseminated via IR Website at [www.supalai.com](http://www.supalai.com) and [www.shareinvestor.com](http://www.shareinvestor.com).

The Company has taken proactive action by going out to visit analysts and investors, joining by its Managing Director and executives responsible for accounting and finance to give clarification and opportunity for investors, analysts, as well as those interested to make inquiry. In addition to local investors, the Company had organized Road Show to present information and progress of the Company to foreign investors. There was also disclosure of information to the public, e.g. annual report, 56-1 Form, information presented on the day of meeting with investors, etc., to ensure full compliance with relevant regulations. Furthermore, the Company had provided information and disseminated its operation results to investors, shareholders and those concerned on quarterly basis. There were press conferences and disclosure of information to the Stock Exchange of Thailand.

The Company established Investor Relations unit not only to communicate with the general investors, securities analysts, shareholders, being a center for disclosing important information, to the investors, but also to take care of the process of financial reports to equally reveal to the investors both in the country and overseas the results of the company's operation, the trend of the revenue and future project development on a regular basis with complete and true information. The dissemination of information has been made at appropriate time through various channels including the media, website, telephone calls, the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, Thailand.

In addition, the Company has prepared the calendar of its activities in advance to disseminate information that is useful to investors, shareholders, analysts and the general public. The Company also revealed the operational results to the analysts, financial institutional investors, financial institutions and the media after every quarter and also held press conferences and disclosure of information to the Stock Exchange of Thailand to ensure that the Company has been completely in compliance with regulations stipulated in related laws. For investors and related persons who have queries and need more information, they can contact the Investor Relations Department of Supalai Public Company Limited, telephone 0-2725-8888 ext. 857, e-mail: [ir\\_spali@supalai.com](mailto:ir_spali@supalai.com) or via Company's website ([www.supalai.com](http://www.supalai.com)). The Company has set out the Code of Conduct for the investor relations as follows;

## **1. Disclose important material information that influence the investment decisions accurately, sufficiently and in a timely manner.**

- Disclose important material information that influence the investment decisions accurately, sufficiently, and in timely manner in accordance to the Securities and Exchange Commission and the Stock Exchange of Thailand with prudence, discretion, and diligence. Alternatively, investors can decline to disclose information only in the circumstance that such information is a trade secret or result in the loss of competitiveness to the company.
- Abstain from disclosing any information that affect the price of the securities of the Company, investment decision, and stockholders' rights and benefits. Only present such information after it is officially submitted to the Stock Exchange of Thailand.
- In the event of rumors or information leaks, fact clarification should be immediately performed for the public, in accordance to the regulations of the Stock Exchange of Thailand, to correct any misunderstanding, and clearly specify additional important conditions if any.
- Abstain from disclosing information that is incorrect, inconclusive or under negotiation that presents uncertainty or an overestimate to influence the trading of the company's share, for example, speaking in advance of an event that has not yet occur.
- Abstain from using words or any inappropriate form of communication that can cause a misunderstanding on the company's securities.

## **2. Management and Maintenance of Internal Information**

- Determine and limit personnel who can access the internal information of the Company, and must not disclose such information to other parties until it has been publicly disclosed according to various criteria.
- Manage the internal information to ensure compliance by following relevant regulations correctly.

## **3. Disclose Information Equally and Fairly**

- Disclose and present information to the analysts and investors in a regular periodic manner.
- Must present the Company information, news, and changes in a complete, transparent, and timely manner based on the consideration of interest for all stakeholders, whether large or small, within good faith.
- Allow an opportunity for both individual investors and institutional investors to access and inquire about the Company information equally and appropriately.
- Determine the nature of the disclosed information to allow the investor relations to understand all related parties equally.
- In case of a misunderstanding that requires a clarification, the investor relations should report the information through the system of SET to notify all parties and prevent selective disclosure for certain groups.
- Build confidence, enhance image and attitude of the Company while maintaining good relationships with the investors, analysts, and stakeholders.
- Manage and disclose information in compliance with the rules and regulations, related laws, and relevant regulatory authorities before such information can be disclosed to a specific group of investors.
- Investor relations should set a time period in which appointments or inquiries regarding the near future performances are halted from analysts and investors.

- In the case that Analyst Meeting is held before the Earnings Preview, the investor relations should operate to completion and carefully disclose information to ensure that such information is not restricted.

## 4. Integrity Performance

- Strictly comply to the Company regulations, staff policies, and ethics to avoid any actions that would be conflict of interest to the Company, such as the use of unauthorized Company information and resources or taking advantage of investor relations position in the Company for personal gains.
- Must perform their duties with knowledge, competence, and expertise according to the profession with integrity, fairness, diligence, and responsibility.
- Maintain good relations with colleagues both within the organization and external agencies;

The Company has publicized the Investor Relations' Code of Conduct in the Company's website, ([www.supalai.com](http://www.supalai.com)) both in Thai and English. In 2018, the Company presented the results of operations to analysts, investors and financial institutional investors, financial institutions and the media as planned. (For details, please see Section: Investor Relations).

### 4.7 The Company's Website

The Company has set up a website in both Thai and English to be used as a tool in communicating and disseminating various kinds of information to shareholders or the investors to be informed of information relating to the Company in a timely manner such as the nature of business, financial statements, press releases, shareholding structure, organization structure, the structures of its subsidiaries, information relating to the Board of Directors, the executives, roles and duties of the Board of Directors, Sub – Committees, reports on results of performance of the Sub-Committees, information on investor relations, Articles of Association, certificates, letters of invitation for the shareholders' meetings, reports on the Annual General Meeting of Shareholders, ethics and business code of conduct, Handbook on Corporate Governance Policy and other policies. All of them can be downloaded conveniently from the website.

### 4.8 Board of Directors' Responsibility for Financial Reports

The Board of Directors had arranged for reports of its responsibility for the financial reports to be included in the Annual Report for the year 2018 by being responsible for the financial statements of the Company and the Company's subsidiaries including the financial information appeared in the Annual Report. The financial statements had been prepared in accordance with financial reporting standards stipulated in the Accounting Profession Act by taking into consideration the appropriate accounting policy. Such practice has been done on a regular basis with careful discretion and the best estimate in preparing such statements. Besides, the Company had sufficiently disclosed important information in the note of the financial statements based on facts with rationale and transparency to be useful for the shareholders and investors in general.

A part from this, the Board of Directors has set up an appropriate and efficient internal control system and has designated the Audit Committee comprising all independent directors to supervise and review the accounting policy, quality of financial report, internal control system and process in internal audit to ensure efficiency. The comments of the Audit Committee have already been included in the report of the Audit Committee.

## 4.9 Market Share

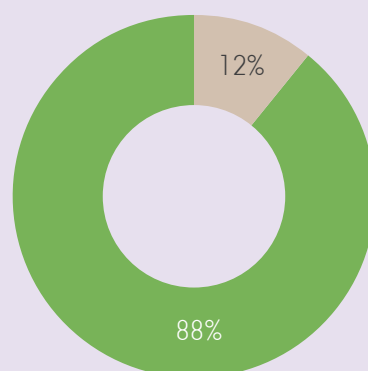
The Company has a ratio of sales to the total sales made by the group of listed companies on the Stock Exchange of Thailand (SET) in the year 2018 as summarized below;

- For the group of low rise projects, the Company has a market share of approximately 12%
- For the group of high rise projects, the Company has a market share of approximately 9%

The Company's total market share amounts to approximately 8% of the entire shares achieved by the group of listed companies on the Stock Exchange of Thailand, details of which are illustrated below,

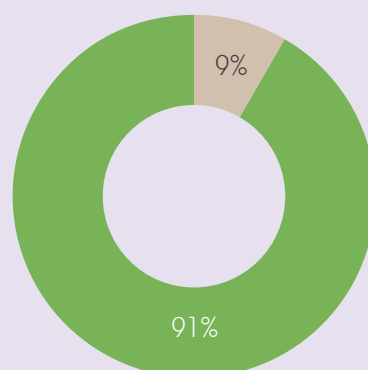
### Ratio of the Company's sales to the total sales of the group of listed companies

on the SET– Low-rise projects



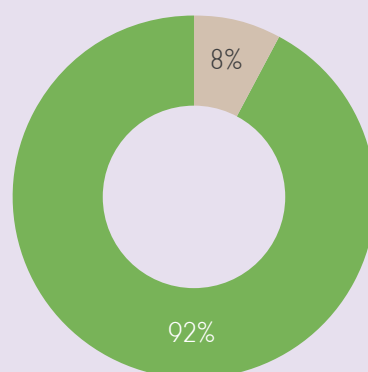
### Ratio of the Company's sales to the total sales of the group of listed companies

on the SET– High-rise projects



### Ratio of the Company's sales to the total sales of the group of listed companies

on the SET– Low-rise and high-rise projects



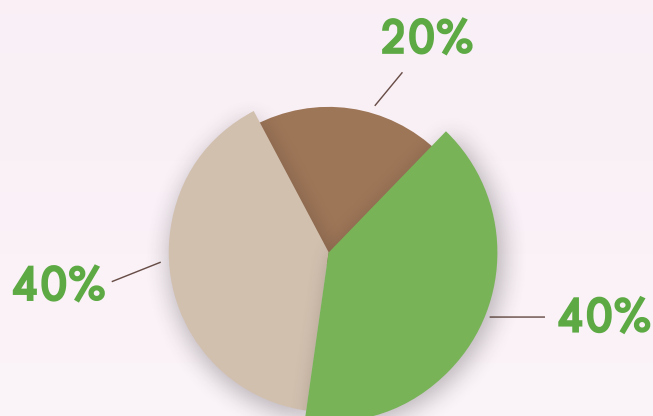
Source: AGENCY FOR REAL ESTATE AFFAIRS : AREA

## Chapter 5: Board of Directors' Responsibilities

### 5.1 Board Structure

#### ● Composition of the Board of Directors

The Company's Board of Directors comprises qualified persons with knowledge, ability and experiences useful to the Company. There are 10 directors in total and 1 board of advisor. The election of directors was in accordance with the resolution of the shareholders' meeting under the rules and procedures prescribed by law, comprising;



4	Executive Directors	= 40%
2	Non-executive Director	= 20%
4	Independent Directors	= 40%



The Authorized Directors to sign on behalf of the Company are Dr.Prateep Tangmatitham or Mrs.Ajchara Tangmatitham or Mr.Tritecha Tangmatitham or Mr.Krid Chancharoensuk, jointly signed by any two out of these 4 persons and affix with Company's seal.

Furthermore, the Company has set as a policy that its Board of Directors shall have a range of diversified structure to consist of persons with knowledge, ability, experience and various types of expertise in accordance with the business strategy of the Company including the merit and ethical conduct with good attitude towards the organization, leadership, far-sighted vision and dedication of sufficient time to work regardless of gender, nationality, religion, professional skill and other specific expertise. It also has appointment criteria and process for newly nominated directors (please see details under the title "Nomination of Board Members). In addition, the 10 Directors of the Company, 1 board of advisor, and its Executive Management have never been employees or partners of the external audit firm providing service over the past 2 years. The present Board of Directors has 4 independent and 2 non-executive directors, totally 6 directors with working experience related to the Company's business.

#### ● Company Secretary

Mrs.Varunee Lapitananuvat, Deputy Managing Director (E-mail: varunee.lap@supalai.com) has been appointed as the Company Secretary by resolution of the Board of Directors' Meeting No. 7/2008 held on 29 May 2008 which is also an effective date of her appointment and commencement date of her duties. The qualifications, duties and responsibilities of the person in this position are as follows;



### → **Qualifications of the Company Secretary**

1. Graduate with a degree in Law or Accounting or finance and has completed relevant training courses in the Company's secretarial functions and possess good knowledge experience and understanding of the business type of the Company. The Company secretary's related duties are duties of directors, duties of the Company and also possess knowledge on relevant laws and regulations, and always keeps abreast with news and information in order to improve the performance of duties.
2. Comply with related laws, the Company's objectives, Articles of Association as well as resolutions of the Company's Board of Directors and the resolutions of the shareholders' meetings with accountability, care, honesty and commitment to support the Company's operations to achieve objectives under the principles of good corporate governance and business ethics.
3. Adhere to ethics and morality and always consider the interest of the shareholders; shall not do anything that may affect reputation and image of the Company.
4. Keep the Company's information confidential and safe and not look out for personal gains from the Company's business opportunity.
5. Have good interpersonal skills and ability to liaise with various departments and agencies, both inside and outside the Company.

### → **Duties and Responsibilities of the Company Secretary**

1. Give basic advice to Directors in respect of laws, orders and regulations of the Company of which the Board of Directors needs to know, as well as to ensure proper and consistent compliance. Report any significant change in matter of laws to Directors.
2. Organize the shareholders' meeting and Board meeting in accordance with the laws, articles of association and proper practice.
3. Take the minutes of shareholders' meeting and Board meeting and disclosed the resolutions of the meeting accurately and completely, as well as to ensure compliance with the resolutions of the shareholders' meeting and Board meeting.
4. Prepare and keep the register of Directors, annual reports, letters of invitation for shareholders' meeting, letters of invitation for Board meeting, minutes of the shareholders' meeting and minutes of the Board meeting.
5. Keep the reports of interests filed reported by directors or executives and make submission as required by laws.
6. Ensure that there is the disclosure of information under responsibility to the regulatory agencies according to the regulations and requirements of government agencies.
7. Take care of meetings, documents, and activities related to Board of Directors.
8. Contact and communicate with general shareholders to keep them informed of various shareholders' rights and Company's news.
9. Oversea other matters relating to the Board of Directors, the management and the shareholders.

10. Carry out other duties as prescribed by the Capital Market Supervisory Board as well as complying with related laws and the Company's objectives, Articles of Association, resolutions of the Board of Directors and the resolutions of the Shareholders' meetings; coordinate to ensure implementation of the resolutions of the Board of Directors.

### ● Independent Directors

The Board of Directors has defined Independent Directors as those who can independently express their opinions to support policies beneficial to the shareholders or provide recommendations freely according to the assignments given taking into account any interest regarding properties or positions. The Independent Directors shall be independent from the control of the management and majority shareholders of the Company and shall have no relations, no vested interest and not being under the influence of any individual or groups of persons. Also, there shall be no situation that prevents the Independent Directors from expressing their opinions as deemed necessary.

### ➔ Set out Qualifications of Independent Director

To build up confidence for investors and to keep a good balance of management, the Company, therefore, defines the independence of "Independent Director" in a more strict manner than the rules prescribed by the Capital Market Supervisory Board, as follows:

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.
3. Have never been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
5. Have never had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.
6. Have never been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.

7. Have never been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

### → **Duties and Responsibilities of the Independent Directors**

1. Give suggestions and opinions in regard to business strategies and actionable sustainability for the benefit of the related stakeholders.
2. Independent directors may seek advices from the experts to help them effectively perform their duties accordingly to the charter, with the expense of the Company.
3. Ensure that the Company follows the compliance and regulations of the Listed Company Supervisory Agency related to the independent directors.
4. Review and revise the Charter of the Independent Directors to ensure that it is appropriate and up-to-date.
5. Independent Directors have the rights to attend the training or activities to increase the knowledge in their related works by using the Company's resources.

### ● **Term of Sub-Committees**

The term of Sub-Committees, i.e. Audit Committee, Corporate Governance Committee, Risk Management Committee and Nomination and Compensation Committee, shall be 3 years for each term. Upon the retirement at the end of a term, reappointment may be made.

## **5.2 Board of Directors**

### ● **Segregation of roles and duties between the Board of Directors and the Management Team**

The Company has clearly segregated the roles, duties and responsibilities of the Board of Directors from those of the Management Team as per the following details;

Chairman of the Board	Chief Executive Officer
<ol style="list-style-type: none"> <li>1. Be responsible, as the Leader of the Board, for overseeing, monitoring and supervising the management of the Executive Committee and other sub-committees to ensure that the Board of Directors and other committees perform their duties efficiently in order to achieve the objectives and goals according to the plans set forth.</li> <li>2. Act as the Chairman of the Board of Directors' meetings and the shareholders' meetings, and ensure that all Directors are involved with the promotion of organizational culture with ethics and comply with good corporate governance and business ethical conduct of the Company.</li> <li>3. Give a casting vote in the event of a tie of vote in the Board of Directors' meetings.</li> <li>4. Allocate adequate time to discuss important issues, set the meeting agenda of the Board of Directors' meeting with the independent Directors, and ensure that there be measures to include important matters on the agenda of the meeting as well as promoting and supporting the management to exercise thoughtful discretion, while encouraging them to discuss, make enquiries and express opinions on various issues during the meetings.</li> <li>5. Promote constructive relationship both among directors, and between the Board of Directors and the management.</li> </ol>	<ol style="list-style-type: none"> <li>1. Manage and operate the business of the Company according to the strategic directions and policies approved by the Board of Directors according to the scope and powers prescribed by the Board of Directors.</li> <li>2. Set up both short-term and long-term business goals in the annual business plan as well as the expense budget and long-term strategic plan to be approved by the Board of Directors. In addition, shall report the progress of the plan and the approved budget to the Board of Directors after every period of 3 months.</li> <li>3. Supervise the operations through the Management Committee to achieve the goals as specified in the business plan by focusing on creating long-term value for shareholders, building the competitiveness and providing appropriate returns to the shareholders.</li> <li>4. Allocate resources and recruit personnel with potential to create maximum benefits.</li> <li>5. Employ, appoint, remove, relocate, promote, reduce, cut the salary or wage, impose disciplinary penalties upon the officers and employees and remove the employees from the positions according to the regulations prescribed by the Board of Directors.</li> <li>6. Promote and establish a strong organization culture and support the vision and business growth.</li> <li>7. Monitor the operations of the Company closely, evaluate the operational results and report the operations already carried out by the Management to the Board of Directors in a timely manner.</li> <li>8. Consider, screen and propose for approval from the Board of Directors regarding the policies and business direction of the Company, matters which, if carried out, would cause significant change to the business of the Company and matters to follow the laws and regulations of the Stock Exchange of Thailand.</li> <li>9. Prepare details on operational powers within the Company in order to decentralize such power to enable the employees to carry out the operations and make decision efficiently with flexibility without losing control, to be proposed for approval by the Board of Directors.</li> <li>10. Prepare quarterly reports on financial position and financial statements to be considered and approved by the Board of Directors.</li> </ol>

The above-mentioned authorization of power to the Chief Executive Office must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

The Company's Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company's interest the following details;

- **There are 2 Main Aspects of the Duties and Responsibilities of the Board of Directors as Follows:**

### **1. Adopt Business Directions, Policies and Strategy**

- Ensure adequate system or mechanism so as to be confident that the operations of the Company are in compliance with the law, objectives, goals, articles of association and operational policies of the Company including the resolutions of the shareholders' meeting, while maintaining the interests of the Company based on good corporate governance principles.
- Define visions, mission, organizational values, strategic direction, objectives, main goals and operational policies of the Company, which would be reviewed regularly and approved every year to be consistent with the business plan of the Company.
- Control and supervise the operations of the Company to be in line with the rules and regulations of concerned agencies, be responsible and maintain the benefits of shareholders in order to create sustainable value of the business, while also disclosing information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
- Ensure that there be anti-corruption policies and practical guidelines, clear mechanism for lodging complaint with communication at all levels of the organization and with outsiders in order to put into real practices.
- Approve the strategies, key operational policies including objectives, financial goals and the Company plans, while monitoring, evaluating and ensuring that the performance reports comply with the plans, objectives and established goals.
- Consider and approve the annual budget for investment and business operations as well as supervising the use of the Company's resources.
- The Board of Directors has the power to appoint one Director to be the Executive Committee and Management committee as may be deemed appropriate.
- Consider and appoint sub-committees to perform duties according to the responsibilities of the Board of Directors, and set out clear scope of duties of sub-committees, while arranging for report on the performance of the sub-committees.
- Encourage the use of information technology to be part of the strategy, and ensure that it is used to increase business opportunities, development of operating result and sustainability of the business.
- Attach importance to and support innovation that increase the value of business in apparel with the creation of benefits to customers or related parties society and the environment.
- Provide a mechanism to ensure that shareholders are involved in making decisions on important matters of the Company, organize the Annual General meeting of Shareholders within 4 months from the closing date of the accounting year of the Company, and organize the Extraordinary General Meeting of shareholders when necessary to be in an orderly manner, transparent, efficient and ensure that the shareholders have exercised their rights.
- Set up a mechanism to oversee policy and operations of the Company, its subsidiaries and other businesses invested by the Company with significant implication.



- Organize the meeting of the Board of Directors every quarter with schedule and agenda set in advance, and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
- Encourage the management committee, the executives or people concerned to attend the meeting to provide further details as persons directly involved with the problems.
- Provide advice, jointly discuss the problems extensively and make careful decision on matters according to the agenda of the Board of Directors' meeting and be able to independently propose matters beneficial to the Company to be included in the meeting agenda.
- Prepare reports on responsibilities of the Board of Directors regarding the financial statements by presenting together with the reports of the auditors in the annual report, which shall cover important matters in accordance with the policy on best practices for Directors of listed companies on the Stock Exchange of Thailand, as well as preparing reports on sustainability.
- Reported on interest by recording in the minutes of the Board of Directors' meeting.
- Consider, set out and make changes of the names of directors having authority to sign and bind the Company.
- Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.
- Encourage the use of information technology to disseminate information, and be able to have access to additional necessary information; and in a necessary case, the Board can arrange to have an opinion from independent consultants or professionals with an expense of the Company.
- Engage in creating and driving ethical corporate culture that adhere to ethics, whereby the Board of Directors shall behave as role model leaders in terms of corporate governance.

## 2. Monitoring the Operations of the Management for a Check and Balance by

Such assignment does not remove responsibilities of the Board of Directors as the Board of Directors should continue to monitor the management to ensure that it perform the assigned duties as follows;

### 2.1 Corporate Governance

- Follow up and ensure that the Management Board conduct business with corporate social and environment responsibilities reflected in the operational plan and transfer the strategic plan to be implemented in accordance with the Company's strategic plan, objectives and main goals as well as adopting a framework for budget allocation and resource management for the development to be efficient and effective by taking into account the impact and the development of resources throughout the value chain.
- The Management Committee shall report on the operational results at least once after each quarter in order to be able to control and oversee the performance of the Management Committee continuously and in a timely manner.

- The non-executive Directors shall organize a meeting among themselves as deemed necessary in order to discuss various concerned management issues without the participation of the management, and report to the President for acknowledgement.
- There shall be monitoring of adequacy of liquidity and ability to pay debts of the business together with a plan to solve the problems and restore the operation in response to financial problems, or when there is a tendency to have problem.
- Monitor, manage and solve conflicts of interest that may be incurred and ensure that connected transactions are in accordance with the steps of operations and disclosure of information as required by law; this includes the prevention of unauthorized use of property, information and opportunities of the Company as well as transactions with those who have a relationship with the Company in an inappropriate manner.
- Supervise the working units and the persons responsible for investor relations to set out directions to support the activities regarding the investor relations and ensure that there be appropriate channels of communication with the shareholders and stakeholders of the Company, such as investors, analysts and the media on an appropriate and equal basis.
- Arrange for accounting system, financial and auditing reports and ensure that there are efficient and effective internal control system and audit Internal.
- Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company to be presented to the Annual General meeting of Shareholders for approval whereby the Board of Directors must arrange for an audit by the auditor before presenting to such meeting of shareholders.
- Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.
- Arrange for disclosure of financial and non-financial information which is clear, transparent, reliable and high standard.

## **2.2 Internal Control and Risk Management**

- Set up guidelines for risk management in an extensive manner and ensure that the Executives apply internal control system effectiveness with or risk management process.
- Arrange for an internal control and audit as well as systems for financial control, business operation and supervision including risk control and management.

## **2.3 Remuneration for Directors**

- The Board of Directors is responsible for proposing the directors' remuneration to the Annual General Meeting of Shareholders for approval by considering the structure and compensation rates suitable for the duties and responsibilities which are incentives to motivate the Board of Directors to lead the organization to operate according to both short-term and long-term goals.

## **2.4 Remuneration for Executive Management**

- To appoint and set up remuneration of Chief Executive officer.
- Ensure that there be appropriate compensation system or mechanism for high level executives in order

to create both short-term and long-term incentives for them to perform the duties in accordance with the objectives and main goals of the Company.

- The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.

## **2.5 Offering for Sale Securities to the employees and the Directors.**

### **3. Self Assessment**

The Board of Directors shall arrange for an annual appraisal of the Board of Directors, the sub-committees and individual Director at least once a year by the Nomination and Compensation Committee, whereby the appraisal results shall be used for developing the Directors' performance.

## **4. The Appointment of a Person Qualified to Act as Company Secretary**

### **• Appointment and Removal of Company Directors**

The Board of Directors has delegated to the Nomination and Compensation Committee to propose to the shareholders' meeting for approval under the rules and procedures as prescribed in the articles of association, with the key contents as follows;

1. The Company Directors are elected by the shareholders' meeting, with the number of not less than five directors, and of which not less than 3 must be independent directors. Not less than one half of all directors must have domicile in the Kingdom. In addition, at least 1 director must possess knowledge in accounting and finance. The directors must have qualification as prescribed by laws and regulations.
2. The shareholders' meeting shall elect directors as screened and nominated by the Nomination Committee under the following rules;
  - (1) A shareholder has the vote of one share per one vote.
  - (2) Each shareholder must put all of his/her votes under (1) to elect a person or several persons as directors, but he/she is not allowed to split his/her votes.
  - (3) Those who receive the highest number of votes will be elected in descending order as directors, equaling the numbers of directors to have or to be elected at that time. In case of a tie between runners-up, exceeding the numbers of directors to have or to be elected at that time, the Chairman shall make the casting vote.
3. At every Annual General Meeting of Shareholders, one-third of directors shall retire from office. If it is not possible to divide the numbers of directors into 3 exact portions, retirement shall be made by the numbers closest to one-third. The directors to be retired in the first year and second year after company registration shall be decided by a draw. For the later years, the directors who have been in office for the longest period shall retire.
4. Any director who wishes to resign from his/her position shall submit the resignation letter to the Company. The resignation shall take effect as from the date on which the resignation letter reaches the Company.
5. Resolution to remove any director from a position before the end of his/her term shall be made by the votes of not less than three-fourth of the numbers of shareholders that attend the meeting and with voting right and with all the shares held together not less than one half of the shares held by those attending the meeting with voting right.

## ● Delegation of Authority by the Board of Directors

Two out of four Authorized Directors with signatory power, jointly affix their signatures, for the Company, to authorize other directors or other persons to perform on his/her behalf the Company's affairs within a certain period.

In this regard, the delegation of authority and responsibility by the Board of Directors will not be the delegation or sub-delegation of authority in such a manner that enables the Board or its attorneys to approve any transactions for oneself or for any person with potential conflict (as defined in the Notification of SEC) for both the Company and subsidiary companies. The approval authorities of the Board of Directors are as follows:

- Consider and approve the acquisition or disposal of assets unless such transaction must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
- Consider and approve the related party transaction unless such transactions must be approved by the meeting of shareholders; such approval must be made according to the notifications, regulations and/or rules relating to the Office of the Securities and Exchange Commission, Thailand.
- Consider and approve the payment of interim dividends to shareholders when deem appropriate that the Company has sufficient profits to do so, and report such dividend payment to the subsequent shareholders' meeting.
- It has the power to consider and approve the borrowings or application for any credit facilities from financial institutions or determine new amount of overdraft (OD) as well as the amount of capital for investment and purchase of land of any item worth more than Baht 200 million each.

## ● Nomination of Board Members

The Company has appointed the Nomination and Compensation Committee to consider selecting and screening the persons nominated for appointment as directors, taking into consideration the proper proportion, numbers and composition. The Nomination and Compensation Committee shall consider selecting qualified persons who do not possess any prohibited characteristics pursuant to the Company's Articles of Association for recommendation to the Board of Directors in order for the Board to nominate such persons to be elected on an individual basis in the Annual General Meeting of Shareholders.

The Nomination and Compensation Committee set the criteria providing and process for remuneration in a systematic manner are as follows:

1. The Company provides for small shareholders to nominate the names of suitable persons or consider the persons from the director pool or consider existing directors to be re-appointed, or each director proposes the name of suitable persons to be appointed.
2. Select and screen the persons with suitable qualifications to be directors, such as suitable knowledge, experiences and specific ability corresponding to the business operation strategy of the Company, which is in line with the Board Skill Matrix.
3. Examine list of names of nominated persons if they possess the qualifications according to the laws and requirements of regulatory agencies.
4. Consider the dedicated time of directors, their stake or conflict of interest with the Company in case of re-appointment for another term of office by taking into account the performance of duties while serving their terms, their provision of beneficial recommendations, opinions and participation in various activities including the number of companies to be working for as directors to ensure that their efficiency will not decrease.

5. In case of appointment of independent directors, their qualifications must be in line with the criteria adopted by the Company, which is stricter than those adopted by the Capital Market Supervisory Board.
6. Prepare the list of names already considered and screened by the Nomination and Remuneration Committee including their qualifications in an orderly manner to be proposed to the Board of Directors to be further proposed to the Annual General of Shareholders to consider one after another.

In case of the appointment of directors retiring upon the end of term of office and the appointment of new directors, according to the Articles of Association of the Company, the shareholders shall elect the Directors according to the following criteria and methods;

- 1) One shareholder has one vote per one share.
- 2) One shareholder must exercise all the votes in (1) to elect one or many persons to be Directors but cannot divide the votes to any one person in different numbers.
- 3) The persons receiving the highest numbers in respective order shall be selected to be Directors in the number equal to the prescribed number or the number for such particular election. In the case of a tie of votes for the respective order of the candidates exceeding the prescribed number of Directors or the number of Directors for such particular election, the Chairman shall have a casting vote.

#### ● **Authority of the Board of Directors**

1. The Board of Directors is responsible for compliance with the laws, objectives and articles of association of the Company including resolutions of the shareholders' meeting by performing duties with responsibility, duty of loyalty and duty of care to protect the interests of shareholders at present and in the future. The Board shall also comply with the rules and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission Thailand and the Capital Market Supervisory Board established under the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4), B.E. 2551 (2008).
2. The Board of Directors is empowered to appoint a director as the Chairman, and can also appoint Vice Chairman, as deemed appropriate.
3. The Board of Directors is empowered to appoint a director as the Chief Executive Officer, and can also appoint any person to be the Company Secretary, as deemed appropriate.
4. The Board of Directors shall ensure that the Directors attend trainings and develop necessary knowledge continuously in order to increase knowledge relating work by using the Company's resources.



## ● Meeting and Quorum of the Meeting

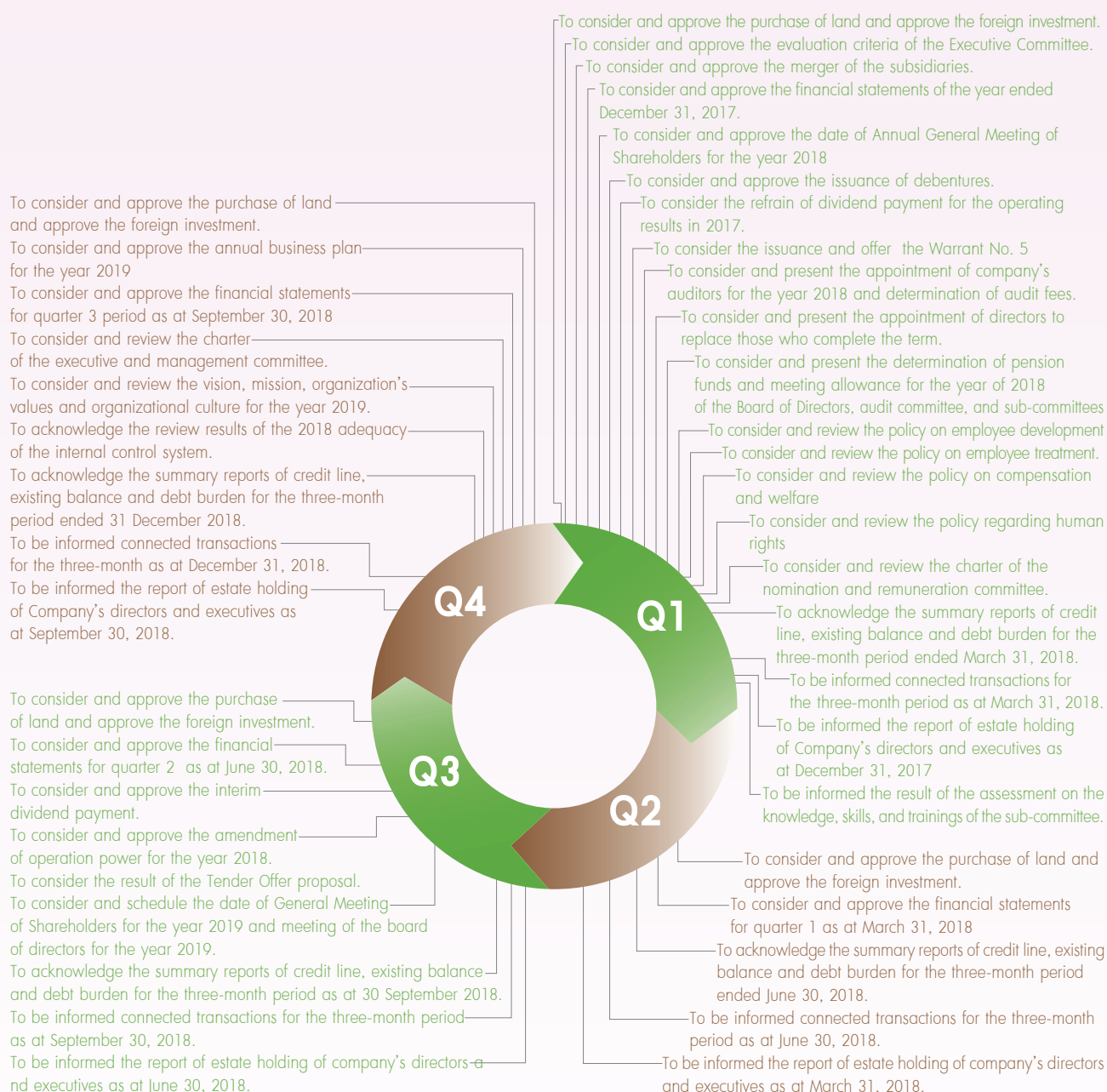
The Company organizes the Board meeting at least once a month, and with special meetings organized as necessary. Directors are required to attend meeting every time except in case of necessity. The meeting will be pre-scheduled with exact date, time, and agenda for the whole year, which will be every second Tuesday of each month. A letter of invitation along with meeting agendas and supporting documents will be forwarded to each Director not less than 7 days before the meeting to allow them with enough study time, except in case of emergency that affects the Company's interest. The minutes of the meeting will be taken down and completed within 14 days from the date of the meeting. Every Director can check the minutes of the meeting anytime by making request with the Company Secretary. The minutes of meeting already adopted by the Board of Directors will be retained in full along with related documents.

1. The Company has adopted a policy which states that if in any agenda of the meeting, any director has an interest which may be in conflict with the interest of the Company, the Company Secretary shall not forward the meeting agenda concerned to him or her. Consequently, the director who has such an interest must temporarily leave the meeting room and shall abstain from voting on such resolution. This is to be in line with the traditional practice of the organization that the Board of Directors has continuously abided by.
2. To form a quorum for a Board meeting, not less than one half of the total numbers of director must attend the meeting. Where the Chairman is not in the meeting or cannot perform the duty, the Vice Chairman, if any, shall act as the Chairman. If there is no Vice Chairman, or if the Vice Chairman cannot perform the duty, the directors attending the meeting shall select one director to act as Chairman of the meeting.
3. A decision is reached by a majority of the votes.
4. Each director has 1 vote, with the exception that any director with interest in the issue is not entitled to vote in such matter. In the event of a tie of vote, the Chairman shall give the casting vote.
5. To call a Board meeting, the Chairman or the person delegated shall send the letter of invitation not less than 7 days before the meeting, except in case of emergency for the protection of the Company's right or interest, the meeting may be called by other means and may be made sooner.
6. In respect of good corporate governance, the Company has set out a policy determining that a minimum quorum of a meeting required at the time of voting must comprise not less than two-thirds of the number of all directors.

## ● Performance of Duties of the Board of Directors

In 2018, the Company organized 13 meetings of the Board of Directors. The performance of the Board of Directors is summarized as follows;

### Performance of Duties of the Board of Directors in 2018



## 5.3 Sub-Committees

The Board of Directors has appointed committee members who possess proper knowledge, expertise as the Sub-Committees, to help in studying and screening important matters that need close supervision and to give suggestions to the Board. The Company's Committees comprise Audit Committee, every member of the Audit Committee has Sufficient, Knowledge and capability in Finance and accounting to audit the financial Corporate Governance Committee, Nomination and Compensation Committee and Risk Management Committee.

### 5.3.1 Audit Committee

The Board of Directors approved the establishment of the Audit Committee on 18 November 1999 by appointing the Company's directors who possess qualifications according to the Securities and Stock Exchange Act and as set out by the Stock Exchange of Thailand to be the Committee members. The Audit Committee comprises the following 3 independent members who have possessed knowledge, understanding or experience in Accounting and Finance.

No.	Name	Position in Audit Committee	Position in Board of Directors	Attendance at Board of Director' Meeting
1.	Mr.Anant Gatepithaya	Chairman of the Audit Committee	Independent Director	11/12
2.	Mr.Prakit Pradipasen (resigned on 15/10/2018)	Chairman of the Audit Committee	Independent Director	9/9
3.	Assist.Prof.Aswin Bijayayodhin	Member of the Audit Committee	Independent Director	12/12
4.	Assoc.Prof.Dr.Somjai Phagaphasvivat	Member of the Audit Committee	Independent Director	1/1

The Board of Directors has adopted the Charter of the Audit Committee as follows;

#### → Elements of the Audit Committees

1. Audit Committee members must be independent directors.
2. The Audit Committee must consist of at least 3 members, and at least 1 member must have knowledge on finance and accounting.

#### → The Qualifications of Audit Committee

1. Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
2. Hold shares of not more than 0.5 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.
3. Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
4. Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
5. Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission, Thailand.

6. Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
7. Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht 2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director.
8. Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
9. Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
10. The Independent Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

### → **Scope of Duties and Responsibilities**

1. To review for the Company to ensure the accuracy and sufficient disclosure of the reports on both financial and non-financial performance while offering opinions and management guidelines to ensure appropriateness and transparency of the Company's operations.
2. To review for the Company to ensure proper and effective internal control and internal audit. Consider the independence of internal audit unit, as well as to approve the appointment, transfer, dismissal of the head of internal audit unit or any other departments responsible for internal audit work.
3. To review for the Company to ensure compliance with the laws governing securities and exchange of Thailand, requirements of the Stock Exchange or any laws related to the Company's business.
4. To review effectiveness and suitability of the risk management while providing recommendations and following up with significant progress systematically.
5. To ensure that the Company has the internal control measures including the supervision, implementation of anti-corruption measures, risk assessment as well as providing recommendations, and report regularly to the Board of Directors on the audit results according to the anti-corruption measures.
6. To select and propose for appointment of an independent person to act as the Company's auditor, and to offer remuneration for such person, as well as to attend meeting with the auditor at least once a year without a presence of the management.
7. To consider related party transaction or transactions with potential conflict so that they are in compliance with laws and regulations of the Stock Exchange of Thailand, to ensure that such transactions are reasonable and for maximum benefit of the Company.

8. To prepare report of the Audit Committee, disclosed in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and must comprise at minimum the following information:
  - 8.1 Opinions in respect of the accuracy, completeness, reliability, of the Company's financial reports and non-financial reports.
  - 8.2 Opinions about Risk Management.
  - 8.3 Opinions regarding the adequacy of the Company's internal control system.
  - 8.4 Opinions about compliance with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand or laws relevant to the Company's business.
  - 8.5 Opinions about transactions with connected transactions which might contain conflicts of interest.
  - 8.6 Opinions about Implementation of counter-corruption measures.
  - 8.7 Opinions about Internal audit.
  - 8.8 Opinions about the suitability of the auditor.
  - 8.9 Numbers of meeting of the Audit Committee and attendance by each committee member.
  - 8.10 Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter.
  - 8.11 Other items that should be known by its shareholders and general investors under the scope of duties and responsibilities assigned by the Board of Directors.
9. The Audit Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
10. To review and amend the Audit Committee Charter and Propose to the Board of Director for approval.

#### → **Any Other Operations Assigned by the Board of Directors with the Audit Committee's Approval**

In performing duties, the Audit Committee is responsible directly to the Board of Directors. The Board of Directors also has responsibility for the operations of the Company to the third party.

In performing duties, if the Audit Committee has found or suspected that there are items or acts relating to 1) items with a conflict of interest 2) dishonest acts or irregularity or major defects in an internal control system 3) breach of the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or the laws relating to the business of the Company which may have a significant impact on the financial position and operational results of the Company. The Audit Committee shall report to the Board of Directors for rectification and improvement within the time deemed appropriate by the Audit Committee.

If the Board of Directors or the executives do not take any actions to ensure the rectification in time, one of the Audit Committee members may report on such item or action to the Office of the Securities and Exchange Commission, Thailand or the Stock Exchange of Thailand.

#### → **Reporting**

After each meeting of the Audit Committee, the Secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgment and/or for consideration.

## → Miscellaneous

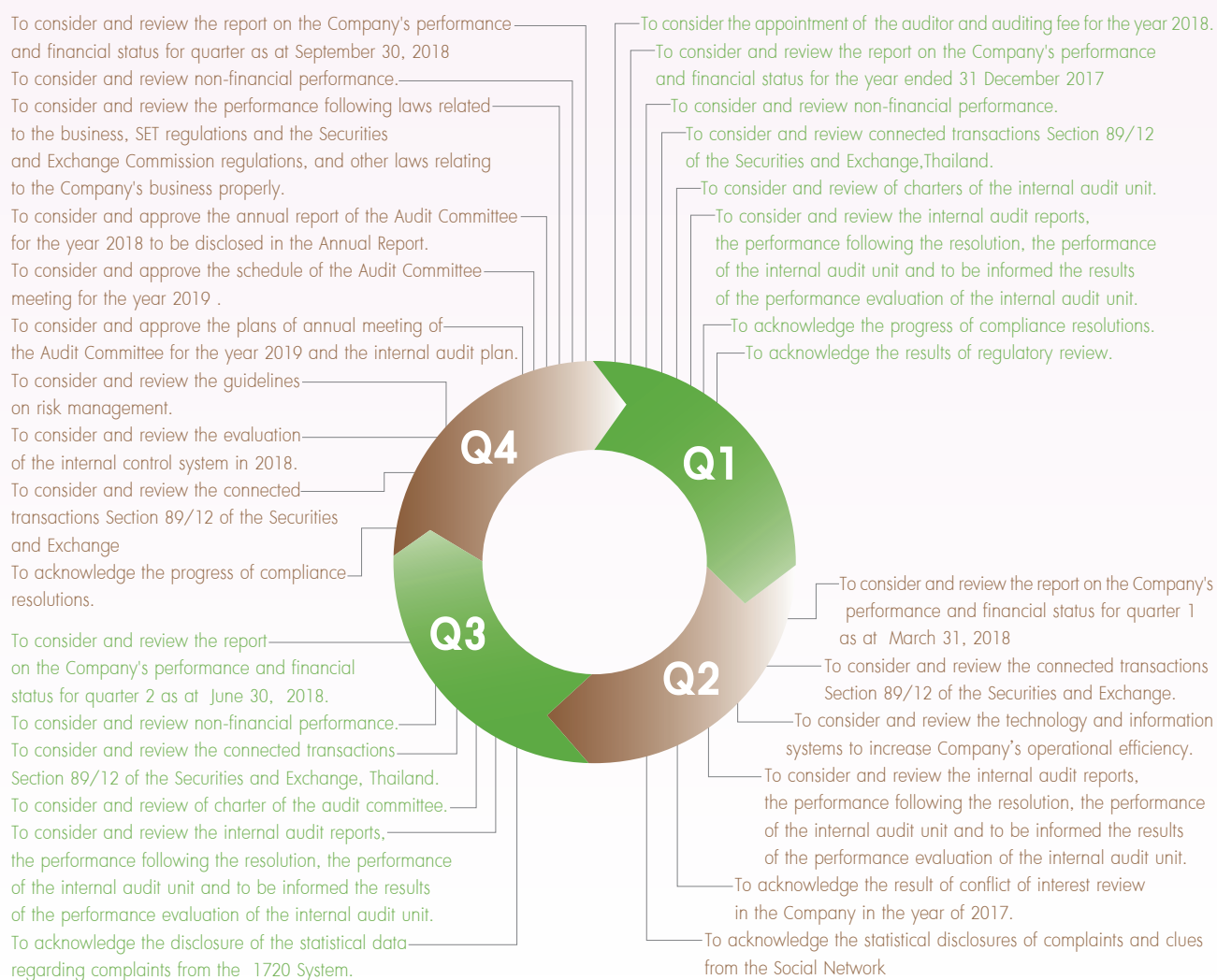
1. The Audit Committee has the authority to invite the executives, related persons or auditors to attend a meeting to provide additional explanation and information.
2. The Audit Committee may seek independent opinion from any other professional advisors as deemed necessary with the Company's expense.
3. The Audit Committee are in charge of consideration and providing opinions on the appointment, transfer, considering of merit or dismissal of the internal audit manager.

Interested parties could view full version of the aforementioned Charter on the Company's website [www.supalai.com](http://www.supalai.com) under Section: About Us / Board of Director / Sub-Committee / Audit Committee / Audit Committee Charter.

## → Performance of the Audit Committee

In 2018, the Audit Committee organized 12 meetings and reported to the Board of Directors. The Audit Committee also attended meetings with the external auditor every quarter and participated in meetings with the executive of Finance and Accounting. The performance of the Audit Committee based on the attendance of the 12 meetings can be summarized as follows;

### Performance of Duties of the Audit Committee in 2018





### 5.3.2 Nomination and Compensation Committee

The Board of Directors approved the establishment of the Nomination and Compensation Committee comprises the following 3 members as follows;

No.	Name	Position in Nomination and Compensation Committee	Position in Board of Directors	Attendance at Nomination and Compensation Committee's Meeting
1.	Assoc. Prof. Dr. Virach Aphimeteetamrong	Chairman of the Nomination and Compensation Committee	Independent Director	2/2
2.	Mr.Prakit Pradipasen* (resigned on 15/10/2018)	Chairman of the Nomination and Compensation Committee	Independent Director	1/1
3.	Mrs.Ajchara Tangmatitham	Member of the Nomination and Compensation Committee	Director	2/2
4.	Assoc.Prof.Dr.Somjai Phagaphasvivat	Member of the Nomination and Compensation Committee	Independent Director	1/1

The Board of Directors has adopted the Charter of the Nomination and Compensation Committee as follows;

#### → Element of the Nomination and composition Committee.

1. The Nomination and Compensation Committee Comprises, which is more than one half of the total number of independent members.
2. The Nomination and Compensation Committee shall comprise at least 3 members, and the Chairman of the Committee must be an independent director with seniority or the person with high level of knowledge and experiences.
3. In the year that the Chairman of the Nomination and Remuneration Committee has been nominated to be re-elected for another term, the Chairman of this Committee shall not participate in such meeting agenda.

#### → Qualifications of Nomination and Compensation Committee Members

1. Appointed by the Board of Directors or the shareholders of the Company to be members of the Nomination and Compensation Committee.
2. There is no any other aspect preventing members from making comment freely on consideration of forms and criteria for paying Compensation to directors and Executives Management.
3. Having knowledge, ability, experiences and understanding regarding the qualifications, duties and responsibilities of the Nomination and Compensation Committee as well as the knowledge relating to corporate governance.
4. Being independent according to good governance principles and being impartial in nominating and recruiting persons qualified to fill in various positions.
5. Being able to devote sufficient time in performing duties.

## → Scope of Duties and Responsibilities

### **Nomination**

1. Review criteria and recruiting methods that must be transparent and clear to be proposed to the Board of Directors for approval prior to the nomination of members to replace Committee members whose term of office is expiring.
2. Establish and review criteria and recruiting methods for persons in accordance with the Board Skill Matrix approved by the Board of Directors in order for the appointment to be suitable with the nature of business of the Company.
3. Ensure that there be background check, selection and screening of the persons qualified to be Directors of the Company, that is, the persons must have skills, experiences and specific ability relating to the business of the Company, and propose to the Board of Directors in order to further propose the names and background of such persons to be elected by the meeting of shareholders.
4. Consider the qualifications of persons to be appointed as independent directors to be in accordance with the criteria adopted by the Company which is stricter than those adopted by the Capital Market Supervisory Board.
5. Consider, select and screen the qualified person to be the Chief Executive Officer and propose to the Board of Directors to consider.
6. Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company.
7. Ensure that the succession plan of important high-level executive positions and list of qualified persons is reviewed from time to time.

### **Compensation**

1. Consider and scrutinize the Compensation rate for Directors to be suitable with the responsibility and be incentive to lead the organization to achieve both short-term and long-term goals, in order to propose to the Board of Directors to further propose for approval from the meeting of shareholders.
2. Consider the criteria and the compensation structure for the President and the executives at the level of Assistant Managing Director and above to be incentive according to the strategic plan and in line with the benefits of the shareholders, such as the form of remuneration payment, levels of payment in comparison with the industry in order to propose for approval from the Board of Directors in the form of cash and non-cash. This is to be suitable, in line with the strategy, long term goals and operational results of the Company, while linking with the value created for the shareholders by the Company and being able to compare with the level of the industry, experience and duties assigned to the Directors.
3. Review the strategies on providing benefits and propose to the Board of Directors in order to be incentives to retain the employees with potential as well as to make suggestion to senior executives of the Company on consideration of the salary or other benefits.
4. Determine terms and conditions for employment of the Chairman of the Executive Committee including benefits and recruitment, and propose recommendation to the Board of Directors to consider the successor of the Executive Committee Chairman.

## **Other**

1. Consider the structure and composition of the Board of Directors by reviewing the number, qualifications and experience of the directors to be suitable with the size, category and complex of the business; also consider the compensation, and provide recommendations for the selection of persons who are eligible to be nominated as directors to be approved by the shareholders.
2. To review policies on the Board of Directors' Diversity to the business operation strategy of the Company.
3. To review and amend the Nomination and Compensation Committee Charter and propose to the Board of Director for approval.
4. The Nomination and Compensation Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information.
5. The Nomination and Compensation Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.
6. Consider the knowledge development plan for existing directors and new directors so as to be suitable and in line with the roles and duties of existing directors and those of the Board of Directors as well as developments critical to the business operations of the Company.
7. Consider knowledge development plan of senior executives so as to have skills needed to drive the organization to achieve the goals.
8. The Nomination and Compensation Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
9. Perform any other duties regarding the nomination and determination of Compensation as assigned by the Board of Directors.

## **→ Reporting**

After each meeting of the Nomination and Compensation Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgment and/or for consideration. The report on operational results of the Nomination and Compensation Committee shall be prepared to be signed by the Chairman of the Nomination and Compensation Committee and disclosed in the annual report of the Company.

## **→ Disclosure of Information**

Disclose information in the Annual Report on the nomination and remuneration policy, responsibilities of the Board of Directors, the form of remuneration and the amount of remuneration for the Board of Directors and the Chief Executive Officer, the Managing Director and Senior Executives as well as the disclosure of independence and non - conflicts of interest of the advisors of the Nomination and Remuneration Committee (if any).

## **→ Assessment of the Nomination and Compensation Committee**

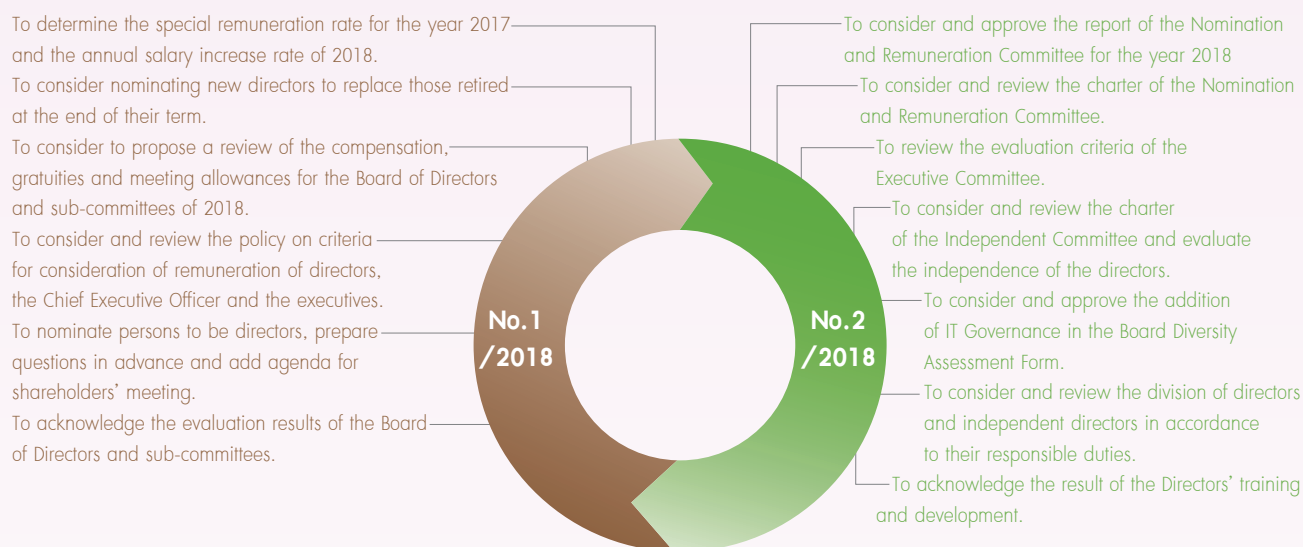
The Nomination and Compensation Committee shall arrange for evaluation of the performance of the Board of Directors and sub-committees in the form of the total committee and on a personal basis (self-evaluation) at least once a year and report to the Board of Directors in order to use the evaluation results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company's website ([www.supalai.com](http://www.supalai.com)) under Section: About the Company / Board of Director / Sub-Committee / the Nomination and Compensation Committee / the Nomination and Compensation Committee Charter.

### → Performance of the Nomination and Compensation Committee

In 2018, the Nomination and Compensation Committee conducted 2 meetings. The performance of the Nomination and Compensation Committee is summarized as follows:

#### Performance of Duties of the Nomination and Compensation Committee in 2018



### 5.3.3 Corporate Governance Committee

The Board of Directors approved the establishment of the Corporate Governance Committee comprises the following 4 members as follows;

No.	Name	Position in Corporate Governance Committee	Position in Board of Directors	Attendance at Corporate Governance Committee's Meeting
1.	Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Corporate Governance Committee	Independent Director	1/1
2.	Mr.Prasas Tangmatitam	Member of the Corporate Governance Committee	Director	1/1
3.	Mr.Tritecha Tangmatitham	Member of the Corporate Governance Committee	Director	1/1
4.	Mr.Atip Bijanonda	Member of the Corporate Governance Committee	Director	1/1

The Board of Directors has adopted the Charter of the Corporate Governance Committee as follows;

→ **Elements of the Corporate Governance Committee**

The Corporate Governance Committee consists of at least 3 members, and the Chairman of the Corporate Governance Committee must be independent director.

→ **The Corporate Governance Committee Qualifications**

1. The Nomination and Compensation Committee will annually consider and select appropriate persons from the members of the Board of directors and/or any qualified candidates propose for further consideration and appointed by the Board of Directors as a member of Corporate Governance Committee.
2. There is no any other aspect preventing such member from making comment freely on corporate governance.

→ **Scope of Duties and Responsibilities**

1. Prescribe importance principles and procedures of the corporate governance process that is effective and suitable for the Company.
2. Oversee the works performed by the directors and the management to ensure compliance with the good corporate governance of the regulatory agencies, i.e. the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, Thailand.
3. Provide to the Good Corporate Governance Task Force the Company's policy on good corporate governance.
4. Develop and announce excellent corporate governance principles.
5. Lay down policy and support the annual self assessment of internal corporate governance standards.
6. Develop and prepare supervision plan to ensure the implementation of the announced corporate governance principles.
7. Review the implementation of the CG code to be suitable to the context of the Company at least once a year consistently, by comparing to the international practices including any recommendations from the Institute of Supervision or agencies related to the Board of Directors.
8. Review the Board's Manual to ensure its continuing suitability for the Company's business while submitting the Board Charter as well as the charters for all committees appointed by the Company.
9. Provide recommendations relating to business ethics and code of conduct for directors, executives and employees.
10. Review the Corporate Governance Policy Manual to ensure its continuing suitability for the Company's business.
11. Review the Company's values as well as public announcements in regard to Good Corporate Governance.
12. Encourage the dissemination of good corporate governance culture for understanding by the executives and employees of every level and with real practice.
13. Review and report to the Board of Directors regarding good corporate governance of the Company and provide opinions on practical guidelines and recommendations for improvement as deemed appropriate.
14. Supervise and ensure that good corporate governance principles are implemented.

15. Provide advice to the task force for preparation in receiving rating for good corporate governance by external central unit not less than 1 time in every 3 year period.
16. Arrange in place a system to receive complaints from interest persons in the case concerning corporate governance and business ethics and code of conduct for directors, executives and employees.
17. The Corporate Governance Committee has the power to invite concerned parties or persons deemed appropriate to attend the meeting or to give explanation on related matters.
18. The Corporate Governance Committee has the duties and responsibilities to report its duties or any other assigned duties to the Board of Directors at least once a year.
19. The Corporate Governance Committee may request for advice from specialists in order to be able to efficiently perform its duties according to the Charter with the expenses paid by the Company.
20. The Corporate Governance Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
21. To review and amend the Corporate Governance Committee Charter and propose to the Board of Director for approval.
22. To oversight and recommend corporate social responsibility (CSR) activities.

#### → **Reporting**

After each meeting of the Corporate Governance Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgement and/or consideration within the date of the next Board meeting.

#### → **Assessment of Corporate Governance Committee**

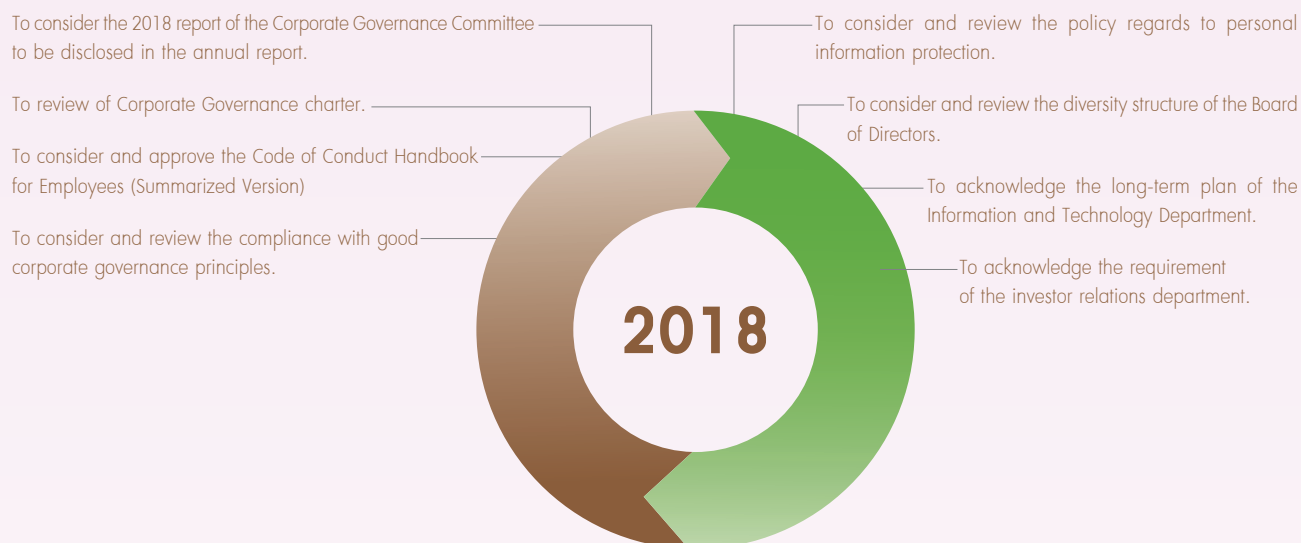
The performance of the Corporate Governance Committee must be evaluated at least once a year and reported to the Board of Directors in order to apply the assessment results to improve operational efficiency and achieve its objectives.

Interested parties could view full version of the aforementioned Charter on the Company's website [www.supalai.com](http://www.supalai.com) under Section: About the Company/Board of Director/Sub-Committee/the Corporate Governance Committee/the Corporate Governance Committee Charter.

In 2018, the Corporate Governance Committee organized 1 meeting. The performance of the Corporate Governance Committee is summarized as follows:



## Performance of Duties of the Corporate Governance Committee in 2018



### 5.3.4 Risk Management Committee

The Board of Directors approved the establishment of the Risk Management Committee comprises the following 11 members as follows;

No.	Name	Position in Risk Management Committee	Position	Attendance at Risk Management Committee's Meeting
1.	Mr.Atip Bijanonda	Chairman of the Risk Management Committee	Director	2/2
2.	Mr.Anant Gatepithaya	Member of the Risk Management Committee	Independent Director	2/2
3.	Mr.Tritecha Tangmatitham	Member of the Risk Management Committee	Director	2/2
4.	Mrs.Varunee Lapitananuvat	Member of the Risk Management Committee	Management Director	2/2
5.	Mr.Punnapan Nengpetch	Member of the Risk Management Committee	Management Director	2/2
6.	Mr.Kittipong Sirilugtrakun	Member of the Risk Management Committee	Management Director	2/2
7.	Mr.Boonchai Chaiananbovorn	Member of the Risk Management Committee	Management Director	2/2
8.	Mrs.Suchawadee Suppha-asa	Member of the Risk Management Committee	Management Director	2/2
9.	Mr.Adisak Warinsirikul (resigned on 01/01/2019)	Member of the Risk Management Committee	Management Director	1/2
10.	Mr.Krid Chancharoensuk	Member of the Risk Management Committee	Management Director	2/2
11.	Ms.Tanwarat Punyaratana	Member of the Risk Management Committee	Management Director	2/2

The Board of Directors has adopted the Charter of the Risk Management Committee as follows;

→ **Elements of the Risk Management Committee**

The Risk Management Committee shall be appointed by the Board of Directors and compose of the Management Committee and at least 1 independent director.

→ **Qualifications of Risk Management Committee Members**

1. Appointed by the Board of Directors to be the Risk Management Committee members.
2. There is no any other aspect preventing members from making comment freely on consideration of risk.
3. The Risk Management Committee who are qualified according to 1 - 2 may be assigned by the Board of Directors to make decision on the operations of the Company's subsidiaries, associated companies or juristic persons which may have a conflict. The decision could be made in the form of tribunal.

→ **Scope of Duties and Responsibilities**

1. To specify the policy and guidelines for risk management relating to the business operations of the Company appropriately and effectively.
2. To specify, review and approve the risk management plan which covers the major risk categories such as Strategy Risk, Operation Risk, Financial Risks, Liquidity Risk, Compliance Risk, Anti-Corruption Risk, Market Risk, Information Technology Risk, Social Network Risk, Customer Protection Risk, Social and Environmental Risk and Emerging Risk.
3. To set up Risk appetite and Risk Tolerance.
4. To degree of Risk by Likelihood and Impact of major Risk.
5. To follow up and assess the degree of risk to be continuous.
6. Establish the internal control system that covers all aspects.
7. To consider and review the risk management guidelines and tools for efficiency and proper to the nature and size of risk each of transactions conducted by the Company while also providing comments and suggestions on key issues regarding the risk management of the Company.
8. To consider and review the risk limits and corrective measures in the event where it is not within the risk limits.
9. The Risk Management Committee is empowered to invite executives or those concerned to attend meeting for further clarification.
10. The Risk Management Committee may, at the Company's expense, ask for advice from specialists to enable efficient performing of duty under the charter.
11. Provide communication activity or process to operate to create awareness about risk management. By providing training approach to risk management to executives and employees.
12. To consider and approve produce a risk management manual to be distributed to employees.
13. To approve risk mapping by taking into account the relationship between risks and the impact toward each unit of the Company.

14. Arrange for people in the Company to take a knowledge test regarding the risk management policy and structure as well as their responsibilities toward such matters.
15. Members of the Risk Management Committee are entitled to attend trainings and activities to increase their knowledge in related fields using resources of the Company.
16. Perform any other duties as assigned by the Board of Directors.

### → Reporting

After each meeting of the Risk Management Committee, the secretary of the meeting shall summarize the opinions and comments of the meeting and submit to the Company's Board of Directors for acknowledgement and / or consideration.

Interested parties could view full version of the aforementioned Charter on the Company's website [www.supalai.com](http://www.supalai.com) under Section: About the Company / Board of Director / Sub-Committee / the Risk Management Committee / the risk Management Committee Charter.

In 2018, the Risk Management Committee organized 2 meeting. The performance of the Risk Management Committee is summarized as follows;

### Performance of Duties of the Risk Management committee in 2018



## 5.4 Executive Committee

### The duties and responsibilities of the Executive Committee

- 1) Establish guidelines, goals, strategies, operation plan, annual budget and the various kinds of management powers of the Company to be further submitted for approval by the Board of Directors.
- 2) Oversee the Company's management and operations to be efficient with maximum efficacy and be ready to examine, monitor and evaluate the performance of the Company in accordance with the approved business plan.
- 3) Review the operational results from time to time in order to find quick solutions to achieve business targets.
- 4) Evaluate and screen large scale investment project and annual budget before submitting for consideration by the Board of Directors.

- 5) Set up the organizational structure and carry out efficient management covering the recruitment, trainings, employment and termination of employment of employees, executives and Executive Management.
- 6) Provide advice to the Board of Directors for making decisions on important matters, and perform any other duties as assigned by the Board of Directors of the Company.
- 7) Act as a representative and operate on behalf of the Company with the third parties.
- 8) Has the power to consider and approve the payment for investment and purchase of land in the amount not more than Baht 200 million per transaction.
- 9) The Executive and Management Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
- 10) Prepare succession plan and development plan for top management include report in order to present to the Nomination and Compensation Committee and the Board of Directors respectively.
- 11) Provide risk management and oversight to ensure compliance with internal control principles.
- 12) Provide the Authorization Handbook suitable for the responsibilities of the Management Committee.
- 13) Allocate development resources and the budget such as policies and personnel management plans and policies on information technology.
- 14) Oversee and ensure that there be a disclosure of financial and non-financial information in a complete, accurate and reliable manner.

Furthermore, 2 members of the Executive Committee have the power to consider and approve the purchase of land not more than Baht 100 million per transaction. The exceeding amount of Baht 100 million but not more than Baht 200 million can be approved by the Executive Committee and each member of this Committee has the power to approve the purchase of construction materials within the authorized amount.

The above-mentioned authorization of power to members of the Executive Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

## 5.5 Management Committee

The Management Committee comprises the Chief Executive Officer, Executive Vice President, Managing Director, Deputy Managing Director, Executive Director, Senior Assistant Managing Director, Assistant Managing Director and Director of Department Administration.

### The duties and responsibilities of the Management Committee

- Implement the policies, directions, strategies goals and management structures of the Company to be efficient and effective.
- Operate according to the business plan and budget approved by the Executive Committee with integrity, honesty and care in order to best maintain the benefits of the Company and the shareholders.

- Operate according to the risk management system and ensure that there be compliance with internal control principles.
- Review the Authorization Handbook to be suitable for the Management Committee's responsibilities.
- Implement the framework for resource allocation, development and budgeting, such as policies and personnel management plans, and policies on information technology.
- Supervise general management as specified in the regulations of the Company.
- Follow up and ensure that the operations of the Company are in accordance with the policies, the business plan and the allocated budget.
- Exercise other powers necessary for the operations of the Company as assigned by the meeting of the Board of Directors and/or the Executive Committee.
- Communicate with the outside stakeholders of the organization as needed and according to the authorized powers.

The above-mentioned authorization of power to members of the Management Committee must not be in such a manner as to be able to approve the transaction of interest of oneself or other persons who may have conflict or conflict of interest with the Company or its subsidiaries unless it is a normal business operation of the Company, and has been approved by the meeting of the Board of Directors, in which attended by independent Directors and the scope of consideration has already been clearly outlined. Also, such authorization must be in compliance with the criteria of the Office of the Securities and Exchange Commission, Thailand, and the Regulations of the Stock Exchange of Thailand or as prescribed by other government agencies.

## 5.6 Efficiency Evaluation of the Board Meetings

The Company has organized efficiency evaluation of every Board meeting on a yearly basis. In 2018, there were 13 Board meetings. The criteria used for efficiency evaluation of the Board meetings consists of the following 10 items;

1. Notifying the meeting at least 7 days before the date of the meeting.
2. Receiving documents in full along with letter of invitation.
3. Beginning on time with time control.
4. Appropriateness and clear details of each agenda.
5. Participation of Directors.
6. The management provides sufficient information to the Board of Directors to make decisions.
7. Taking into consideration the benefits of stakeholders.
8. Summary of clear resolutions of the meeting.
9. Control and management of conflicts by the Chairman in the meeting.
10. Attendees rate.

#### Efficiency Evaluation Criteria of the Board Meetings

Received Score (%)	Rate
90 - 100	Excellent
80 - 89	Very good
70 - 79	Quite good
60 - 69	Moderate
less than 60	To be improved

From the full score of 100%, the average efficiency evaluation of the Board meeting in 2018 was 96.45%, an excellent outcome.

### 5.7 History of Illegal Acts, or Dishonesty, or Corporate Governance, or Ethical Offences or Labor

The Company has assigned Internal Audit Unit to be its Compliance Unit to perform the duties in supervising the operations, whereby during 2018,

- The Company and the Board of Directors including the management did not commit serious offenses. There was no record of violating the rules and regulations of the Office of the Securities Exchange Commission, Thailand and the Stock Exchange of Thailand.
- None of them had been convicted of a criminal offense or being subject to criminal prosecution or being adjudged to be bankrupt or placed under receivership.
- There was no record of the transactions that may cause the conflict of interest with the Company during the past year.
- There was no record of criminal offenses against properties in bad faith or against ethical conduct.
- There was no resignation of the executives due to the issue of corporate governance.
- There was no dispute concerning the reputation of the Company in a negative manner caused by the supervision failure of the Board of Directors. In addition, there was no significant labor dispute during the past 5 years.

### 5.8 Leadership and Visions

The Board of Directors has set a vision of being “Leader in sustainable real estate development, by participating in social and environment progression”, with a mission to “create and develop innovative products and services for good operating results by considering the interest of the stakeholders”. Therefore, every kind of housing (single house, twin house, townhouse, and condominium) had been developed for the purpose of risk diversification and creating of growth potential. The Company had also developed energy-saving homes, paying attention to details in range of utilization, activity area placement, as well as materials and home-style designs. Furthermore, it was well aware that the energy and natural resources have been under depletion. It had, therefore, applied both science and art for home design and construction with energy efficiency and maximum benefits to the residents for customer satisfaction, whereby the Board of Directors has reviewed and granted approval to the visions and mission every year in order for the executives and the employees to set the goals in the same direction.



## 5.9 Conflict of Interest

The Company abides by the policy on conflict of interest, and requires that all of directors, executives and employees are not allowed to utilize information available from their positions for personal gains. To make business decision, the maximum benefit of customers and shareholders must be taken into account, and not to let personal reason or family members to influence the decision that will be a deviation from the above principles. The directors, executives or employees with interests in such transactions must not take any part in the approval. The Company had completely disclosed related party transaction in its Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1). Furthermore, the Company forbids its executives and employees from undertaking or participating in any business that is in competition with the Company's business, regardless of whether such directors, executives and employees will receive either direct or indirect interests. It is clearly indicated in the Company's Code of Conduct and Corporate Governance Policy. However, to conduct related party transaction or transactions with conflict of interest, the Board of Directors has laid as a policy that they must be considered and approved by the Board before proceeding. In addition, the information on details of transactions, transaction value, reasons and the need must be disclosed in the annual registration statement and annual report as per the rules of the Stock Exchange of Thailand and the office of the Securities and Exchange Commission. The meeting must also be attended by the Audit Committee to ensure that the related party transaction are conducted fairly, reasonably, and with proper pricing policy, taking into consideration the maximum benefit of the Company. All of this the Company's policy is on the website of The Company ([www.supalai.com](http://www.supalai.com)) both Thai and English.

### • Auditing Conflict of Interest

The Board of Directors requires that the directors, executives and all employees write report on conflict of interest with the Company, which is deemed the Company's internal control process. The Audit Committee and the Internal Audit Unit shall supervise and manage the conflict of interest, and the results of conflict of interest audit are as follows:

Section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that the directors, executives or related persons can carry out the transaction with the company or its subsidiaries only after such transaction has been approved by the meeting of shareholders of the company except when such transaction is qualified according to the following characteristics:

"The transaction is a trading agreement with the characteristics that reasonable person would do with party to the agreement in general in the same circumstances with trading leverage without the influence of the person in the position of director, executive or related person, as the case may be. Also, it must be the trading agreement approved by the board of directors or according to the basis which has already been approved by the board of directors."

In 2018, there have been related party transaction worth Baht 41.23 million, which is more than the requirement according to the Notification of the Capital Market Supervisory Board No. TorJor. 4/2552(2009), which has set out the definition of business relationship as the trading transaction of 3% or more of the net tangible assets of the applicant for permission or from Baht 20 million or more, depending on whichever amount is lower. During the previous years, the trading transactions between the 2 companies were reported to the Board of Directors' meeting on a quarterly basis every year.

As a matter of fact, the Board of Directors is of the opinion that the business relationship between Supalai PCL (Purchaser of Construction Materials) and Diamond Building Products PCL (Supplier of Construction Materials), of which Mr. Prakit Pradipasen is the Chairman of the Board of Directors, consists of normal trading transactions of Diamond Building Products PCL in its business operations of more than 3% of the net tangible assets, or more than Baht 20 million or more, depending on whichever amount is lower, with Supalai PCL.

Such relationship has not impacted the performance of duty and provision of independent opinion while Mr. Prakit Pradipasen holds a position as an independent director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee of Supalai PCL from the date of receiving the position to the resignation date, which is 15 October 2018, according to Section 89/7 and Section 281/2 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) due to the following reasons:

- 1) Trading items which are the purchases made by Supalai PCL from Diamond Building Products PCL have no material impact on the income amount of Diamond Building Products PCL.
- 2) The price of goods, payment conditions and other trading conditions of transactions made with Supalai PCL by Diamond Building Products PCL have been the same as those made with other customers of Diamond Building Products PCL.
- 3) The procurement of construction materials of Supalai PCL has been made through transparent process, and comparison of prices and quality has been made without being subject to Mr. Prakit Pradiasen's influence, whatsoever.

Furthermore, in 2018, the Company required all directors, executives and employees to prepare report on conflicts of interest, whereby no significant conflict has been found.

## 5.10 Management Philosophy

For a quality society of "Supalai People", the Company stands firm in creating quality residence, incessant product development, society development for safety, development of professional good service, for Customers' maximum satisfaction, by adhering to the management philosophy;

<b>S (SUPERIORITY)</b>	: Excellence in terms of products, service and good management
<b>P (PROFITABILITY)</b>	: Recognize on profits/benefits for all concerned parties, there are
• Customers	: Profit in the form of money or gains from life
• Shareholders	: Receive dividends and value added shareholding
• Employees	: Good income and welfare, happy with work
• Contractors / Trading Partners	: Participate in business with satisfaction and fairness
• Society	: Gain benefits from the Company's Project Development
<b>L (LONGEVITY)</b>	: Operation of business continually and securely

## 5.11 Check and Balance by Non-Executive Directors

The Company has a proper number of Directors, that is, 10 Directors. The Company's Board of Directors comprises;

- 4 Independent Directors = 40%
- 2 Non-executive Director = 20%
- 4 Executive Directors = 40%

The Independent Directors comprises a half of all Directors. Among these, there are 6 Directors with finance and accounting knowledge. During the Board of Directors' meetings, every Director performs the supervisory duty by taking into consideration maximum benefits of the shareholders.

## 5.12 Meeting of the Non-Executive Directors and Independent Directors

The Company promotes and supports the development of its management and operating systems by allowing its non-executive Directors to conduct meeting among themselves as deemed appropriate, without any executive Directors or the management in the meeting, in order to discuss various problems relating to business management of the Company or other interesting matters of benefits to the Company and all parties of stakeholders because they can express opinions freely and creatively in various points of views. In 2018, there was 1 meeting of non-executive Directors held on 12 June 2018.

## 5.13 Integration or Segregation of Positions

The Company has combined the positions of Chairman of the Board and Chief Executive Officer for the purposes of management efficiency and cost-saving. However, all resolutions passed in every meeting must be by a majority of votes. The Chairman shall vote only in case of a tie of votes. For an important issue, a resolution must be passed by a unanimous vote from every Director attending the meeting. In case of dissent by any Director, such agenda shall not be deemed approved by the Board of Directors. In the event where the Chairman has interest in a certain issue, he/she shall abstain from voting.

## 5.14 Holding Position of Director in Other Companies by Chief Executive Office of the Executive Committee and the Managing Director

The Company complies with a policy on restriction of number of director positions in other companies that the CEO and the Managing Director can take. Such policy has been publicized on the Company's Website, [www.supalai.com](http://www.supalai.com). If the CEO and the Managing Director take too many director positions in other companies may affect the performance of duties for the Company. The Company's Board of Directors has, therefore, established the policy on holding of position of director in other companies by the Chief Executive Office of the Executive Committee and the Managing Director for maximum benefit of the Company in order for them to devote more time to perform their duties effectively follows;

1. The Chief Executive Office of the Executive Committee and the Managing Director can hold positions in Supalai Public Company Limited and its subsidiaries and associated companies.
2. To be a director in other companies, of which the business is similar to or competitive with the business of the Company, a request must be submitted for opinion of the Audit Committee prior to submission for approval by the Board of Directors and the shareholders respectively before being appointed to such position.
3. The holding of position of director in any organization other than specified in Clauses 1 and 2, which when combined is more than 5 places, must be approved by the Board of Directors' meeting before being appointed to such position.

In 2018, the President and the Managing Director of the Company strictly complied with the policy on the limitation of directorship in other companies (for details, please see Section: Board of Directors).

## 5.15 Remuneration for Directors and Executives

### Remuneration of Directors

1. The Company specified the policy on rules of presentation and consideration for remuneration of directors to create the incentives of assigned performance to achieve goals effectively. The Nomination and Remuneration Committee are assigned to consider the remuneration rates of committee carefully, scrutinize the suitability of various reasons thoroughly, compare and refer by the same business including consideration from the expanding business, where shall be presented to the Board of Directors and the meeting of shareholder.

2. The Company shall not pay any money or other property to directors unless the remuneration is paid as the rights and benefits habitually as being the Company's director.
3. The remuneration of directors shall be paid accordance with the resolutions of the shareholders' meeting which comprise a vote not less than two in third of the total votes of shareholders who join the meeting.

### **Remuneration Policy for Directors**

The Company has the criteria for providing remuneration to the Board of Directors and Sub Committees clearly and transparent, which shall be considered the same industrial sector and business expansion. It's believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company's goals efficiently.

### **Remuneration of Chief Executive Officer**

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company's operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;

1. Business performance
2. Internal management

### **Remuneration for Executive Management**

The Company has adopted the policy and criteria in providing remuneration to the executives by assigning the Nomination and Compensation committee to assess the performance of the executive management by considering and screening the remuneration executive committee by determining the remuneration to be consistent with the operational results of the Company and the performance of each executive to be further proposes to the Board of Directors for approval.

## **5.16 Orientation for New Directors**

The Company is well aware of the importance of duty performing of new directors, it has, therefore, defined guideline regarding preparation for duty performing of directors to enable new directors to know the Company's expectations of their roles, duties, responsibilities, policies, businesses and corporate governance practice. These include to enable them understand about the Company's business and operation, as well as to visit its business units for being prepared to perform the duty of director promptly follows;

- 1) Coordinate in providing of the Company's data in legal area and others to the Board of Directors.
- 2) Submit "Directors Guidebook" to new directors, the guidebook contains the Company's information and relevant crucial laws which will be useful for members of the Board of Directors. The Company Secretary is responsible for coordinating to deliver this guidebook to the Board of Directors. Contents of the guidebook are as follows.
  1. Articles of Association of the Company.
  2. Objectives of the Company.

3. Certificate of the Company.
  4. Public Limited Companies Act.
  5. Securities and Exchange Act.
  6. Guidebook for Directors of Listed Companies.
  7. Charter of the Board of Directors and Charter for Sub-Committees.
  8. Business Ethics of the Board of Directors.
  9. Guidebook for good corporate governance, and other policies of the Company.
- 3) Arrange meetings with the Chairman, Board of Directors, committees and executives to make them informed of the Company's business operation for using as their principles in performing duty. The presentation is made as a whole picture and in details under the following topics:
- The Company's vision mission and goals
  - Strategy and Management structure
  - Management structure
  - Operating data and Company's activities
  - Roles, duties and responsibilities of directors
  - Good corporate governance policy
  - Summary profiles of other directors and executives
  - Qualifications and remuneration of directors

The Board of Directors assigned the Company Secretary to hand over "Director's Handbook" to newly appointed directors and Advisory of the board. The Company also organized an orientation course for the new directors on topics relevant to the Company such as the Company's business, operational plans, goals, visions and mission, structure of the Company and shareholding, managing operation, roles and duties as well as responsibilities of the Board of Directors, philosophy and ethics as well as business code of conduct of directors, executives and the employees, good corporate governance, corporate social responsibility, the corporate governance policy. The Company also arranged various project site visits for the directors. In 2018, The Company have no newly appointed director.

## 5.17 Succession Plan

The Company complies with a policy on succession plan, deeming as a part of the manpower placement strategy and a subtask of human resource planning strategy which determines appropriate and fair remuneration and fringe benefits for its personnel to retain them to grow in a long-term basis together with the Company. The Company has a proper and transparent plan to recruit personnel into important positions at all managerial levels to ensure that the Company has a professional management team. The Company also prepares personnel who possesses suitable qualifications, knowledge and adequate abilities to be eligible to replace the executives and high level executives in case of their resignation, retirement, completion of the term of office or inability to perform duties for whatever reason. This is to ensure smooth and effective transitional operations under those positions and to reduce the risk of lacking the successors. Accordingly, the Company has assigned the Nomination and compensation committee to prepare position succession plan of the President, Managing Director and executives of the Company in order to propose to the Board of Directors for consideration. For the recruitment

and selection of persons to serve management positions of the Company, the Nomination and compensation committee has monitored the succession plan covering the following positions.

### **1) Chief Executive Officer/Managing Director Level**

In the event that the positions of the Chief Executive Officer of the Executive Committee and the Managing Director are vacant or the individual in such positions cannot perform their duties, the Company has an arrangement whereby executives in a closely comparable level or their deputy shall act on their behalf until the selection process for the qualified replacements is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience, that well suit the Company's corporate culture. The Company's Nomination and Compensation Committee shall be responsible for the selection process and submit their final choice to the Company's Board of Directors for approval and further appointment.

### **2) Executive Level**

In the event that the management positions at the level of department manager and above are vacant or the individual in such positions cannot perform their duties, the Company shall have the selected successor of the position proposed to the Board of Directors of the Company. The succession planning of the executive position level is as follows.

1. Analyse business condition of the Company in term of its strategy, policy, investment and expansion plans.
2. Evaluate the readiness of manpower to be consistent with the Company's strategy in both short term and long term.
3. Create plan making the availability of manpower by developing or recruiting employees to replace those resigning from the Company.
4. Create Recruitment Plan and arrange for Employee Training and Development in advance by providing training courses for development to prepare the employees, junior and middle level executives to advance further to junior, middle and high executive positions respectively prior to retirement or early retirement of the employees.
5. Define competencies, which refers to the knowledge, skills, personality and desirable attitude of the employees in certain positions and establish the Individual Development Plan.
6. Select, evaluate and assess the performance to determine the potential of employees' suitability.
7. Use tool to test and evaluate the employees to analyze their potential.
8. Select successors based on the assessment and analysis of the employees' potential and performance. The employees shall be notified in advance in order to prepare for the handover and learning of the new responsibilities, while a successor shall also be determined.
9. Develop and evaluate employees who are expected to be successors whether they can be developed and have performance as expected. If it is contrary to the expectation, the change of successors can be done.

All of this the company's policy is on the website of the company ([www.supalai.com](http://www.supalai.com)) both Thai and English.

## **5.18 Related party transaction**

The Company complies with a policy on related party transaction, regulations, process for consideration and approval of transactions as well as disclosure of information in accordance with the regulations and Notifications of the



Committee of the Stock Exchange of Thailand Re Disclosure of Information and Operations of Listed Companies Concerning Related party transaction B.E. 2546 (2003) All of this the company's policy is on the website of the company ([www.supalai.com](http://www.supalai.com)) both Thai and English.

### 5.19 Risk Management

The Company follows the risk management policy by adopting the risk management process that covers strategic risks, risks regarding finance, credit, liquidity, legal matters and regulation, corruption, operations, information technology, social networking, consumer protection including social and environmental issues as well as external events that affect the Company in terms of policy, financial and external situation. This is to be able to manage the risk systematically in order to reduce the risk factors that will affect the success of the Company to be acceptable level and in line with the Company's strategic plan, which covers:

- Causes of risks affecting the Company in financial and non-financial aspects, and provide a review of the risks every time there is a change of various factors affecting the capital fund of the Company;
- Categories of risks and determine the risk appetite to be used as a basis for responding to the risks of the Company;
- Assessment of risks by adding measures for risk assessment to achieve greater accuracy in terms of both quantitative and / or qualitative aspects;
- The management of risk and monitoring each type of risk according to the priority, whereby, the risk is monitored to be up to date regularly after each quarter.

All of this the company's policy is on the website of the company ([www.supalai.com](http://www.supalai.com)) both Thai and English. Additionally, the ESG risk management has been published in the Sustainability Report 2018.

### 5.20 Performance Assessment of the Committee

The Board of Directors has appraised annual performance of the Committees once a year, whereby the appraisal form is in accordance with the principles of good corporate governance of the Company and the scope of authorities and duties of the Committees. Accordingly, the emphasis is placed on the use of results of the assessment to review the work product, problems or obstacles during the previous year as well as the improvement of performance of the Committees. The objective is to increase efficiency of the Committees' performance and to be used as reference in preparing CG Rating. In 2018, the appraisal was done in 2 characteristics, they are, 1) the assessment of the whole Committee; 2) the assessment made on an individual basis (self- assessment). The assessment forms were divided into 10 categories consisting of

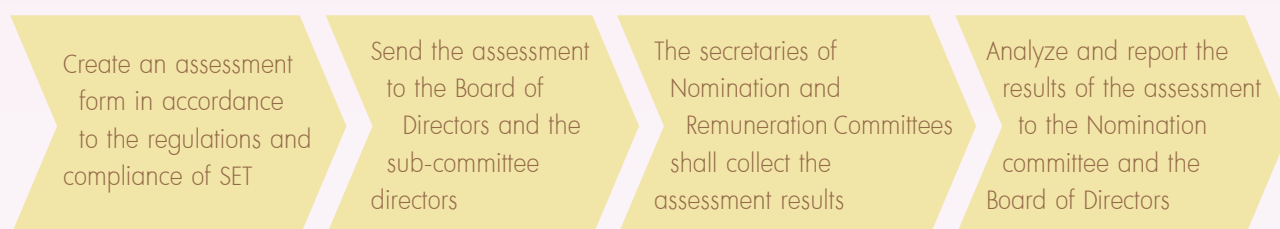
- 1) Assessment form for performance of the whole Board of Directors;
- 2) Assessment form for performance of the whole Audit Committee;
- 3) Assessment form for performance of the whole Corporate Governance Committee;
- 4) Assessment form for performance of the whole Risk Management Committee;
- 5) Assessment form for performance of the whole Nomination and Compensation Committee;
- 6) Assessment form for the Board's individual member (self-assessment);
- 7) Assessment form for performance of individual member of the Audit Committee (self- assessment)
- 8) Assessment form for performance of individual member of the Corporate Governance Committee (self-assessment)

- 9) Assessment form for performance of individual member of the Risk Management Committee (self-assessment)
- 10) Assessment form for performance of individual member of the Nomination and Compensation Committee (self-assessment)

There is an assessment process and criteria for calculation of results in percentage as follows;

### Assessment Process for the Whole Committee and Each Individual Member

Every year, the Company Secretary shall send such 10 assessment forms to all members of the Committees in order for them to assessment the annual performance on concerned matters. After having completed the assessment form, each Committee member shall submit such form to the Company Secretary in order to compile the score of each member and summarize the analysis results of the assessment of the Committees' annual performance. The report shall then be made to the Board of Directors in the following meeting of the Board of Directors, where , the report was made to the Board of Directors' meeting on 26 February 2019, as depicted below.



The assessment results in percentage are as follows:

Level of Score	Rate
More than 85 %	Excellent
More than 75 %	Very Good
More than 65 %	Good
More than 50 %	Fair
Less than 50 %	To be improved

The assessment can be summarized as follows;

1. Assessment Form for Performance of the Whole Board of Directors consists of 6 items as follows : 1) Structure and Qualification of the Board of Directors; 2) Duties and responsibilities of the Board of Directors; 3) Performance of the Board of Directors; 4) Board of Directors' Meetings; 5) Relations with management department; 6) Self Development of the Board of Directors and Executive;

In summary, the average score of the assessment of the whole Board of Directors according to all 6 items resulted in a very good score of 83%

2. Assessment Form for Individual Member of the Board of Directors (Self- Assessment) consists of 9 items as follows: 1) Responsibility for their own acts and decision-making with accountability; 2) Responsibility for performing duties with sufficient capability and effectiveness; 3) Treating stakeholders equally and fairly with accountability; 4) Having accountable operational transparency and disclosure of information; 5) Having ethics and business ethical conduct;

6) Ethics in Business Operation; 7) Performance on the principle carefulness and 8) Having vision in creating value added business in the long run; 9) Good Corporate Governance principles are complied with to create value to ensure sustainable business;

In summary, the assessment of members of the Board of Directors on an individual basis according to 9 items resulted in an excellent score of 99%.

3. Assessment Form for Performance of the Audit Committee (the Whole Committee) consists of 5 items as follows: 1) Structure and Qualification of the Audit Committee; 2) Duties and responsibilities of the Audit Committee; 3) Performance of the Audit Committee; 4) Audit Committee's Meetings; 5) Self Development of the Audit Committee;

In summary, the assessment of performance of the whole Audit Committee according to all 5 items resulted in an excellent score of 97.20%.

4. Assessment Form for Performance of the Audit Committee's Members on an Individual Basis (Self-Assessment) consists of 16 items as follows: 1) Knowledge, ability relating to the Company's business; 2) Powers and duties, independence and fairness; 3) Devotion of time in working and attending the meetings; 4) To attend trainings or to participate in activities in order to increase knowledge in duty and role of Audit committee; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Audit Committee; 6) To review of financial and non-financial reports of the Company to ensure sufficient and correct disclosure; 7) To review effectiveness and suitability on Risk Management; 8) To review to ensure that the Company has suitable internal control and internal audit systems; 9) To review to ensure that the Company comply with the Securities and Exchange Act, requirements or laws relating to the business of the Company; 10) To considering related party transaction or transactions that may have conflict of interest to ensure compliance with the laws and regulations of the Stock Exchange of Thailand; 11) To review to ensure that anti-corruption measures are complied with; and carrying out risk assessment and reporting to the Board of Directors for acknowledgement; 12) To review Audit Committee Charter and Internal Audit Charter; 13) To considering, selecting and nominating an independent person to be the auditor of the Company; 14) Numbers of meeting of the Audit Committee and attendance by each committee member; 15) Opinions or remarks in whole obtained by the Audit Committee from performing duties under the charter; 16) Disclosure of operational results and providing comments in the Audit Committee's report in a complete manner.

In summary, the assessment of members of the Audit Committee on an individual basis according to all 16 items resulted in an excellent score of 94.33%.

5. Assessment Form for Performance of the Corporate Governance (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Corporate Governance Committee; 2) Duties and responsibilities of the Corporate Governance Committee; 3) Performance of the Corporate Governance Committee; 4) Corporate Governance Committee's Meetings; 5) Self Development of the Corporate Governance Committee;

In summary, the assessment of performance of the whole Corporate Governance according to all 5 items resulted in an excellent score of 98%.

6. Assessment Form for Performance of the Corporate Governance Committee's Members on an Individual Basis (Self- Assessment) consists of 10 items as follows: 1) Knowledge, ability relating to the Company's business; 2) Specific expertise; 3) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 4) Devotion of time in working and attending the meetings; 5) Performance of other tasks assigned by the Board of Directors with the approval of the Corporate Governance Committee; 6) There is the regulatory performance of the Directors and management department including review guidelines on the principles of good corporate governance of the Company according to the principles of good corporate governance of external regulatory agencies; 7) To verify the

corporate governance policy and review practicality guidelines and the principles of corporate governance in practices to be continued and appropriate with the business of the Company; 8) To review the business ethics and morality of directors, board and staff including the announcement of statement on good corporate governance of the Company prior to the public; 9) To review, give opinions and recommendations to improve on the good corporate governance of the Company to be effective in practices; 10) To reports on the activities of corporate governance committee or other duties which the Board of Directors assigned to the committee.

In summary, the assessment of members of the Corporate Governance Committee on an individual basis according to all 10 items resulted in an excellent score of 99.5%.

7. Assessment Form for Performance of the Risk Management (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Risk Management Committee; 2) Duties and responsibilities of the Risk Management Committee; 3) Performance of the Risk Management Committee; 4) Risk Management Committee's Meetings; 5) Self Development of the Risk Management Committee;

In summary, the assessment of performance of the whole Risk Management according to all 5 items resulted in an excellent score of 88%.

8. Assessment Form for Performance of the Risk Management Committee's Members on an Individual Basis (Self- Assessment) consists of 10 items as follows: 1) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 2) Devotion of time in working and attending the meetings; 3) Performance of other tasks assigned by the Board of Directors with the approval of the Risk Management Committee; 4) To consider and give approval to provide the risk management manual which shall be published to employees to acknowledge, including consideration to approve the Risk Map providing by recognizing the relationship of risk and the impact on other departments within the Company. 5) Other operations as approved by the Risk Management Committee as assigned by the Board of Directors; 6) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 7) Establish, review and approve the Risk Management Plan that covers various types of important risks, namely, strategic risk, operational risk, financial risk, compliance risk, anti-corruption risk, the risks that affect the reputation of the Company, information technology risk, market risk and social and environmental risk; and monitor and assess the level of risk to be at acceptable levels; 8) To specify the policies and recommend the guidelines on risk management relating to the business operations of the Company appropriately and effectively. 9) Provide follow – up and assess risk management continuously; 10) Consider and provide comment on the risks that have impact on the Company;

In summary, the assessment of members of the Risk Management Committee on an individual basis according to all 10 items resulted in an excellent score of 93.10%.

9. Assessment Form for Performance of the Nomination and Compensation (the Whole Committee) consists 5 items as follows: 1) Structure and Qualification of the Nomination and Compensation Committee; 2) Duties and responsibilities of the Nomination and Compensation Committee; 3) Performance of the Nomination and Compensation Committee; 4) Nomination and Compensation Committee's Meetings; 5) Self Development of the Nomination and Compensation Committee;

In summary, the assessment of performance of the whole Nomination and Compensation according to all 5 items resulted in an excellent score of 88%.

10. Assessment Form for Performance of the Nomination and Compensation Committee's Members on an Individual Basis (Self- Assessment) consists of 11 items as follows: 1) Having moral, neutrality, making decisions with information and logic, adhering to the operation by the principles and standards professionally; 2) Showing the opinions in supporting or protesting the recommendation on matters that are important to the business; 3) Devotion of time in working and attending

the meetings; 4) Performance of other tasks assigned by the Board of Directors with the approval of the Nomination and Compensation Committee; 5) Other activities as approved by the Nomination and Remuneration Committee as assigned by the Board of Directors; 6) Consider and scrutinize the Compensation rate for the Chief Executive Officer and executive management in order to propose for approval by the Board of Directors and Independent Director; 7) Knowledge, ability, experience and Specific relating to the Company's business; 8) Consider, select and screen the persons qualified to be Directors of the Company and propose to the Board of Directors in order to further propose to be elected by the meeting of shareholders; 9) Consider and give opinions on the proposals of the Chief Executive Officer to be further proposed to the Board of Directors regarding the policies on human resources to be in accordance with the business strategy of the Company; 10) To consider the rewards including a recommendation for any salary and benefits and presented the Board of Directors. 11) To review a portion, number and an experience of Board of Directors and ensure that the succession plan of important high level executive positions and list of qualified persons is reviewed from time to time;

In summary, the assessment of members of the Nomination and Compensation Committee on an individual basis according to all 11 items resulted in an excellent score of 98%.

### **5.21 Performance Assessment of the Chief Executive Officer**

The company specified a remuneration policy of the Chief Executive Officer, which the Board of Directors are assigned to consider the results of the Company's operation based on indicator (KPI: Key performance Indicator) approved by the meeting of Board of Directors, thereafter the Nomination and Remuneration Committee will consider the results of performance and consider both the short and long-term remuneration of the Chief Executive Officer to comply with the result of performance based on indicators.

There are the criteria for evaluating performance of the Chief Executive Officer which administrate under the mission, vision, strategy of the company, business goals and annual business plans. It is comprised of 2 measurements following;

1. Business performance
2. Internal management

### **5.22 Development and Knowledge Accumulation for Directors and Executives**

The Board of Directors seriously supports and promotes the knowledge development for every director for their efficiency in duty performing. It's the Company's policy to encourage its directors, executives and those supporting the secretarial works to attend seminars and training courses of Thai Institute of Directors (IOD), The Stock Exchange of Thailand, or other independent institutions, ranging from the development in part of the duties and responsibilities of directors, or new management concept, so that every director will continue to develop and improve their works, as well as to apply the knowledge properly for further benefit to the Company. (See to Board of Director)

In 2018, there were 3 directors attending the training course relating to performing of duties of the directors to all 1 person, which is Mr.Atip Bijanonda, please see details in Section on: Attendance of Training Courses or Seminars of the Directors.

### **5.23 Monitoring of Insider Trading**

The Company complies with a policy on inside information in order to prevent inside information abuse by the directors, executives or employees for personal gains or for the gains of their associates as prescribed in the Ethics and Code of Conduct, the Director's Handbook and the Handbook on Corporate Governance Policy. The policy on the use of inside information has been publicized on the Company's website ([www.supalai.com](http://www.supalai.com)) to ensure that the policy has been acknowledged and complied with. The details are as follows:

1. The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell, or persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others or to operate business in competition with the Company or to do related businesses although the Company may not lose any benefits. They shall also strictly comply with related laws.
2. Directors, executives and employees of the Company shall keep confidentiality of inside information under one's responsibility and shall not disclose such information to the public or other personnel of the Company who has no involvement.
3. The Company protects inside information that is not yet disclosed to the public by giving limited access to related and necessary parties only. Security system is also provided to protect computerized systems and information. Personnel in charge shall insist that all parties involved must strictly comply with the rules.
4. A disclosure of information shall be made by authorized persons only. General personnel are not obliged to disclose the information. When asked to reveal information that they do not have authority to disclose, refer a question to the person in charge in order to provide accurate information and in the same direction.
5. The employees should control outsiders involved with internal information such as financial advisors legal consultants and auditors as well as colleagues involved with the information that has not yet been disclosed publicly and in the process of negotiation. This is regarded as maintaining internal information, which may have impact on the change of price or value of the securities, or the Company may lose business benefits. Accordingly, such people shall have to enter into a confidentiality agreement until the information is disclosed to the SET and the Securities and Exchange Commission, Thailand.
6. Other than publicly available information, the Company considers all other information as inside information for directors, executives and employees to use under the duties and responsibilities as assigned.
7. Directors, executives and employees are due to take responsibility on data protection and shall not exploit the inside information for personal gains even after resigning from the Company.
8. The Company's directors and executives including their spouses and children who are minors as well as related persons are required to submit the list of their securities holding and report on changes of the list to the Office of the Securities and Exchange Commission within 3 days from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.
9. The Company requires that the directors and executives report on the change of securities holding to the Office of the Securities and Exchange Commission and submit the copy of the report to the Company Secretary on the same day they submit the report to the Office of the Securities and Exchange Commission, Thailand.
10. The Company requires that directors and executives who know significant internal information that affect the price or value of securities suspend the trading of the Company's securities during the period of 1 month before the financial statements or internal information is disclosed to the public. They are also prohibited from disclosing material information to other persons, whereby, during the period of 30 days prior to the announcement of operating results, the Company's Secretary shall send notifying letter to inform the



directors, executives, and the units acknowledging internal information not to disclose inside information to outsiders or non-related persons.

11. The Company supports a campaign to use inside information via the Company's communication channel, especially during major events such as an issuance of shares or debentures for capital increase.

12. The Company treats the acts in violation of the policy on the use of internal information, the unauthorized disclosure of the information to the extent that cause damage to the Company and related parties as a crime that must be subject to disciplinary action and/or be liable according to the law.

In 2018, the Board of Directors and the executives strictly complied with the rules. Thus, there was no case of violation or failure to comply with the rules regarding securities trading by using the inside information.

## **5.24 Management and Maintenance of Privacy and Personal Information Protection**

The Company is conscious of the customers, users, or all stakeholders who contact the Company and the website of the Company. Therefore, a policy on personal information protection has been established to manage personal information safely and appropriately. The Company has created the system using an appropriate mechanics and techniques, including but not limited to, limiting access to the personal information of customers, users, or stakeholders from directors, executives, employees, and company's representatives. The system is created to prevent the user's personal information from being used, disclosed, destroyed, or accessed without authorization.

The company has published this policy on the website of the company ([www.supalai.com](http://www.supalai.com)) both in Thai and English.

## **5.25 The Internal Audit**

The Board of Directors has established the Internal Audit Unit within the Company. Also, to facilitate the Internal Audit Unit to be independent from the management, the Board of Directors has ordered that the Internal Audit Unit report to the Audit Committee in order for the Board of Directors to be able to follow up the Company's operations efficiently. The Internal Audit Unit has set objectives, main engagement, scope of operations, powers and duties, and responsibilities in writing in the Internal Audit Charter approved by the Chairman of the Internal Audit Committee.

In 2018, the Internal Audit Unit Department was able to carry out the duties and responsibilities in accordance with the Internal Audit Charter completely, independently and in compliance with the Code of Conduct and commitment of the Internal Audit Unit as summarized as follows:

### **1. Development to Add Value to Audit Work**

- Focus has been placed on assurance and consulting services with independence and equity to add value and improve the operations of the Company, ensure the governing of the operations. Arrangements have also been provided for risk management and good internal control so as to achieve the operational objectives of the Company.
- Prepare an annual risk-based audit plan according to the strategic direction of the Company and important risks that impact the operation of the Company; carry out the operations in accordance with the Standard for the Professional Practice of Internal Auditing which includes the laws, regulations and regulations relating to the Company (Compliance Audit).
- Focus on the Proactive and Preventive Audit.
- Arrange for monitoring of implementation of the recommendations generated from the auditing.

## 2. Development of Internal Auditors

Arrange a test according to Standard for the Professional Practice of Internal Auditing and encourage internal auditors to develop themselves by pursuing a certificate for professional auditors or other professions relevant to internal auditing; also promote further education in other professions related to the business of the Company.

## 3. Internal Audit Charter

The Internal Audit Charter has been established as guidelines for operating personnel of the Company at all levels to understand lines of command, objectives, scope of work and responsibilities of the Internal Audit Unit, and liabilities of audited units by taking into consideration the importance of the good corporate governance as an important tool in supervising and managing the operations, and to ensure that there be correct standards and trustworthiness by maintaining pure and fair standards according to prescribed practical professional dignity of internal auditing.

### 3.1 Objectives

The Internal Audit Unit has been established with the aim to build confidence to the executives in controlling, supervising and giving advice and to provide useful information for their decision making regarding the improvement of the Company's operations.

### 3.2 Line of command

- 1) The Internal Audit Unit is an independent unit reporting directly to the Audit Committee.
- 2) The head of Internal Audit Unit is the top senior personnel of the Department and report directly to the Audit Committee.
- 3) The head of Internal Audit Unit shall propose the Risk – Based Audit Plan to the Audit Committee.
- 4) The head of Internal Audit Unit directly reports the result of the audit to the Audit Committee, and the Audit Committee must report every audit result to the Board of Directors accordingly.

### 3.3 Main Engagement

- 1) Provide advice and information relating to the audit, assess risk management and internal control including standards of operations, generally accepted accounting principles, policies, laws, rules, regulations for enhancing efficiency and effectiveness in governing process to add value and ensure the credibility of the financial information system and the operations of internal departments.
- 2) Be committed to practice to enhance their own knowledge and also the organization's on the internal audit and various technical matters relating to the provision of advice and suggestions to build confidence in operating work.

### 3.4 Scope of Operations

- 1) The Scope of Operations of the Internal Audit Unit includes providing advice and information regarding the audit, operations, assessment and improvement of risk management, internal control, generally accepted accounting principles, policies, rules, regulations and laws as well as supervising process and all relating procedures to the departments in the organization to

add value and improve the operations of the audited units as well as relevant units to achieve the set goals and objectives.

- 2) The performing of any other non-audit tasks must always be approved by the Audit Committee.

### **3.5 Powers and Duties**

- 1) The Internal Audit Unit is independent in auditing the operations of all departments within the organization.
- 2) Internal Audit Unit can have access to personnel, information, documents and assets of the employees in connection with the audit except for information on salary of the personnel in the Company.
- 3) The Internal Audit Unit has no authority to set policy, working methods and internal control systems or modify the internal control system because such duties are under the responsibilities of related executives. The internal auditor's duties are only providing advice and recommendations. However, the Internal Audit Unit has the rights and duties to review the compliance with the Company's policies in order to assess the adequacy and effectiveness of the control so as to respond to the risks.
- 4) The Internal Audit Unit shall carry out the audit in accordance with the International Standard for the Professional Practice of Internal Auditing.
- 5) Internal Audit Unit has the right to attend training courses or participating in activities to increase their relevant knowledge by using the resources of the Company.
- 6) In case of the internal audit performance on any matters or any other performance of the internal audit is necessary to rely on the expertise of specialists, the head of Internal Audit shall present the Audit Committee and the Board of Directors respectively in order to be considered for an invitation or engaged specialists.

### **3.6 Duties and Responsibilities**

- 1) To prepare the annual audit plan to the Audit Committee for approval and shall comply with the annual audit plan.
- 2) To review the internal audit charter at least once a year, so that it is consistent with the scope of responsibilities for the operations of the Company and shall be approved by the Audit Committee.
- 3) Verify the accuracy and reliability of data and figures by using techniques and generally accepted auditing methods. The quantities for auditing will be determined as deemed necessary and as appropriate taking into account the efficiency of the internal control system and the importance of the matter to be audited including analysis / evaluation of the management and operations of the audited unit by considering the priority for auditing. Also, with regard to time spent in the operation, significant risks shall be taken into consideration.
- 4) Develop audit program using Risk Based Approach that covers strategic risks, operational risk financial risk, regulatory risk and social and environmental risks.

- 5) Provide assessment of the conflict of interest of the Company on a yearly basis and audit the connected transactions or operational activities to ensure the compliance with policies, laws, regulations, orders including the segregation of tasks, maintenance of properties and the use of all resources taking into account the efficiency and effectiveness of the operations.
- 6) Evaluate performances / report on results of the audit and provide recommendations for improvement of the performances of the audited unit to be more efficient, effective and cost-savings in accordance with the internal control framework of (COSO : ERM 2017 Enterprise Risk Management Integrating with Strategy and Performance: 2017).
- 7) Arrange for the evaluation of the Internal Audit Unit's Auditee operations by the auditor's unit and the results would be used for the development and improvement of the services so as to achieve the internal audit objectives efficiently and effectively.
- 8) Monitor and evaluate the implementation of the jointly discussed conclusions to ensure the audited units have improved the operations as discussed.
- 9) Coordinate with persons involved to facilitate the audit to achieve the goals and to be efficient.
10. Assess risks in all processes of the Company relating to measures against corruption and provide appropriate risk management procedures.
- 11) Audit the compliance with measures, practical principles and the internal control relating to anti-corruption measures for all tasks assigned including financial and accounting internal controls and record-keeping to ensure that control relating to prevention on corruption is in place.
- 12) To receive corruption complaints and search additional information as assigned by the Audit Committee or the Senior Executive used supporting the consideration.
- 13) Perform other auditing work as assigned by the Audit Committee.

#### **4. Details on the Chief of the Internal Audit Unit**

The meeting of the Board of Directors No. 8/2008 held on 8 September 2008 resolved to appoint Ms.Toopthong Hirunyanulak as the Chief of Internal Audit since 18 August 2008. Ms.Toopthong Hirunyanulak has possessed qualifications and experience in the internal audit and had attended training courses relevant to the internal audit such as international standards in internal audit, development of auditing, fraud audit, assessment of internal control and risk assessment according to the COSO ERM. Thus, Ms. Toopthong Hirunyanulak has been considered suitable for the position to perform duties as assigned appropriately and sufficiently. The roles and responsibilities of Ms.Toopthong Hirunyanulak are as follows;

1. Perform duties as "Internal Auditor" responsible for assignments in accordance with the Audit Committee Charter approved by the Audit Committee.
2. Act as the "Secretary of the Audit Committee" by organizing meetings, preparing meeting document and taking note of the minutes of the Audit Committee meetings.

#### **5.26 Company's Operation Supervision**

The Company recognizes the importance of compliance with regulations, one of the important mechanisms contributing to correct and prudent working procedures of the Company, which support the Company to be able to implement

its strategic plans, achieve the goal. The Company also comply with the rules and regulations, articles of association and regulations of concerned agencies. The following departments have been assigned to be responsible for such tasks;

- The Company Secretary is responsible to ensure that the operations of the Company are in compliance with rules and regulations for listed companies including regulations of the Company and articles of association as well as being center for compiling and keeping abreast of information on external rules and regulations concerned. The Company Secretary shall also act as communication center to provide knowledge and advice on external rules and regulations for listed companies.
- Legal Affairs Department is responsible for supervising legal affairs relating to the Company's business and providing knowledge for the internal departments on various issues in order for the business operations to be handled correctly in accordance with laws of external agencies.
- The Internal Audit Unit is responsible for assessment of the efficiency and adequacy of the internal control system. It must also audit and ensure the compliance with rules and regulations of the Company.
- The Quality System Department has the duty to establish operational guidelines in the procedure, work instruction and other concerned documents for all employees to use as a manual for operations including a process of problem analysis to contribute to the solution and improvement of the operational system to ensure the management system of planning, designing, construction, sales and community management are appropriate with extensive coverage, and also ensure that the implementation of the quality system is in accordance with the requirements of international standard ISO 9001: 2008.

## 5.27 Auditing Fee

The Company and its subsidiaries paid auditing fee to EY Office Limited as the auditor for the year 2018 as well as related individuals or businesses concerning the auditors and the audit firm in the last fiscal year in a total amount of 3,680,000 Baht.

Neither the auditor firm nor the auditor has relationship nor any interest with the Company / executives / major shareholders or persons related to such persons. The auditor is independent and qualified to be auditor of the Company and has also been approved by the Office of the Securities and Exchange Commission.

### • Auditing Fee for the Year 2018

- 1) The auditing fee for consolidated financial statement and separate financial statement totaling 2,450,000 Baht.
- 2) An annual and quarterly auditing fee for four subsidiaries of the Company and the consolidated financial statements is 1,230,000 Baht.

**Total audit fees of Supalai Public Company Limited and its subsidiaries 3,680,000 Baht.**

### • Non-Audit fee

- None -

## 5.28 Compliance with Good Corporate Governance Principles in Other Matters

The Board of Directors of Supalai Public Company Limited is well aware of the importance of corporate governance and social responsibility as it is confident that good governance will contribute to the following;

1. Strengthening a good management system with transparency and accountability, which can enhance the Company's potential to compete in the short and long terms for sustainable business growth and eliminating conflicts of interest that may arise.

2. Creating confidence among investors, both in the country and abroad as well as financial institutions, business partners, all stakeholders through clear and transparent communication on an equal basis and adding value to shareholders in the long run by significantly taking into consideration all kinds of stakeholders.

3. Being a tool to measure the operations of the Company and examine all operations to improve their efficiency.

Therefore, the Company's Handbook on Corporate Governance Policy and Ethics and Code of Conduct has been complied with by directors, executives and the employees, whereby the directors and executives have acted as good role models and oversee and encourage all employees to comply with the Code of Conduct and create working atmosphere favorable to the compliance with the guidelines specified in the Handbook. At the same time, the Company is committed to prevent violation of the Code of Conduct; and in case of negligence and violation of such Code of Conduct, disciplinary penalties set forth by the Human Resources Department of the Company will be imposed. There has been communications and public relations to promote understanding of the practices of the Code of Conduct among the management and employees, while the monitoring of the compliance with guidelines of the Code of Conduct has been carried out. Detailed information for stakeholders can be found on the Company's website. ([www.supalai.com](http://www.supalai.com)).

### ● **Motto for Good Corporate Governance**

The Company has adopted a motto for good corporate governance under the concept of "Supalai GREAT" to promote an approach of working together in the same direction, and to strengthen the good organizational culture, which comprised of:

<b>G</b> (Good)	To think good , speak good and do good is the foundation of positive thinking, which can be applied to work and to solve problems. This also helps reduce conflicts while enhancing smooth and successful interpersonal communication.
<b>R</b> (Responsibility)	Act consciously. Operate business with determination and dedication with all our ability. Always learn to enhance capabilities.
<b>E</b> (Equitable Treatment & Ethics)	Treat all relevant parties equally. Adhere to moral standards and conduct business with fairness. Give priority to all stakeholders. Treat stakeholders equally regardless of gender, age, race, nationality, religion, belief, and political opinion.
<b>A</b> (Accountability)	Fulfill duties with utmost attention. Be consciously aware of and carry out our tasks cautiously. Bravely accept the consequences of our actions. Adhere to and abide by applicable laws, rules and regulations.
<b>T</b> (Transparency)	Operate business with transparency, disclosure of information and accountability. Be determined to conduct business with honest intention. All pieces of evidence and references can be traceable and accountable.



## ● Supervision of the subsidiaries' operations

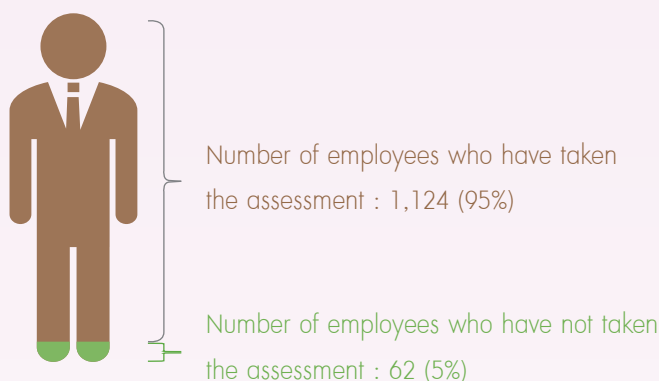
The Company has set out a policy in supervising the operations of its subsidiaries. by selecting the directors of the Company who have relevant knowledge, skills, qualifications and experience in line with the type of the businesses of the subsidiaries to be the competent directors who have controlling powers over the subsidiaries as approved by the Board of Directors. In the event that the subsidiaries have important issues such as increase or decrease of capital, dissolution of the subsidiaries or associated companies, they shall always seek prior approval from the Board of Directors. Moreover, the supervision shall ensure that the operations of the subsidiaries and associated companies are transparent. Therefore, their auditors must be from the same auditing company that provides services to the Company in order for the auditors to audit business transactions and seek appropriate and sufficient evidence to express opinions on consolidated financial statements. In the past, the Board of Directors resolved to approve the appointment of directors with scope of powers, duties and responsibilities as follows;

The Board of Directors execute resource allocation and management efficiently and effectively by considering the impact and resource development throughout the value chain to achieve the main objectives and goals in a sustainable manner. For example, the independent directors investigate construction project and inquire about issues or concerns from management in addition to providing management guidance in order to achieve the Company's goals. The oversight has been put in place to ensure that the directors, executives, and employees comply with the business ethics, Code of Conduct Handbook, policies according to Good Corporate Governance principles and policies related to anti-corruption, which are the same principles applied by the Company. Accordingly, in 2018, the Company has provided the risk assessment on corruption and provided the knowledge assessment on employee understanding in regard to the code of conduct through E-Learning Program annually. Total of 1,124 employees attended the program and passed the test, which is 95% of the total employees of 1,186. The test results has been reported to the Corporate Governance Committee and the Board of Directors to acknowledges and review. The Company has communicated the Code of Conduct Handbook (Summarized Version) to its subsidiaries and disseminated E-news about the information on corporate governance, risk management, anti-corruption via cartoons such as Granpa Tham (Dharma), Granma Tuen (Warning), Noo Dee in order to be guidelines for its subsidiaries. The Department of Human Resources of each subsidiary has supervised the employees to comply with the policy of the Company.

1. Control to ensure that there are complete and correct operations on data storage, accounting recording as well as regulations established in regard to the related party transaction , the acquisition or disposition of assets, or major transactions of the subsidiaries and also ensure that the preparation of financial statements is based on the same accounting policies used by the Company in order that the financial statements of the subsidiaries can be included in the consolidated financial statements properly and in a timely manner.
2. The Board of Directors assigns the Internal Audit Unit to review the performance of subsidiaries by using the Risk Based Approach depending on each case to ensure that the subsidiaries have appropriate and sufficient internal controls systems. The Internal Audit Unit shall then report to the Audit Committee to further propose their opinions to the Board of Directors.
3. Arrange for the reports on the operations and the financial Statement of the Subsidiaries Company to be proposed to the Board of Directors for acknowledgment on a monthly basis.

# Statics on Employee Assessment Participation in 2018

**Supalai** Number of employees  
eligible for assessment : 1,186



The Company adheres to good corporate governance principles based on a survey of corporate governance criteria of listed companies constantly, which might not yet cover certain principles. Nevertheless, the Company has arranged for other approaches different from the required criteria, and has been considered by the Board of Directors relating to the accountability and suitability according to the circumstances of the business of the Company. The aim is to achieve the Company's objectives, while taking into account maximum benefits of shareholders. The matters have not yet done by the Company are as follows:

## 1. Election of Directors by Cumulative Voting

This is because the elected director according to the cumulative voting might not have the qualifications in accordance with the Board Skill Matrix, which is the tool for recruitment of directors in line with the Company's strategy, and such director might perform according to the benefits of certain groups of shareholders, not for the best interests of the shareholders as a whole. This will lead to a rift between the directors and the executives, causing the management not to be in the same direction.

## 2. Preparation of Integrated Report

The Company has prepared annual reports according to the criteria of the Stock Exchange of Thailand, while preparing the sustainability development report according to the Global Reporting Initiative Version 4.0 (GRI G4), thus offering the users to access detailed information both financial and non-financial information, which is prepared in CDs and delivered to the shareholders prior to the date of the meeting of shareholders. Therefore, the users can download such information from the website of the Company.

## 3. Forming Policies to Limit the Number of Years for the Term of Office of Independent Director More than 9 years From the Date Appointed for the First Time.

The Company has 4 independent directors, of which 1 shall hold office for less than 6 years and 3 directors for more than 9 years. However, the Nomination and Remuneration Committee and the Board agreed that independent directors are fully qualified according to the criteria set by the Securities and Exchange Commission, that is, they are knowledgeable, capable with experience suitable for the business. They can provide opinions freely and perform their duties as independent directors well. All independent directors have also proved that they can maintain independence and have no conflict of interest and/or significant vested interest in the Company, whatsoever.

The Board of Directors shall consider and review matters that the Company still cannot comply with the principles of good corporate governance.



# Investor Relations

Supalai Public Company Limited has listed its shares on the Stock Exchange of Thailand since November 1993 and set up the Investor Relations Department to be a center for disclosure of important information to the investors and supervise the financial report process to present the operational results and income outlook as well as the Company's future development projects to both local shareholders and foreign shareholders on an equitable, regular and complete basis. Shareholders can contact the Company's Investor Relations Department directly or at [www.supalai.com](http://www.supalai.com), which always provides updated information in both Thai and English.

The Company has presented its operational results to analysts and investors regularly in the form of activities, such as **"Analyst Meeting"** and participated in **"Opportunity Day"** with the Stock Exchange of Thailand as well as the roadshows and conferences organized by various institutions both inside and outside Thailand. In addition, the Company has continually conducted the **"Company Visit"** and **"Conference Call"** with institution investors.

For any further information, please contact Miss Tawanna Termwattanakorn, the Investor Relations Department, Supalai Public Company Limited at 0-2725-8888 ext. 857 or email: [ir\\_spali@supalai.com](mailto:ir_spali@supalai.com) or [www.supalai.com](http://www.supalai.com).







## Quality System

Supalai Public Company Limited has currently operated under the ISO 9001 Standard. It has implemented the quality management system in accordance with the international standard requirements with emphasis on every part of the process from planning, controlling, inspecting to data analysis to achieve a continuous improvement in the system. The Company is also committed to developing its products and services on a continual basis for the consumer' benefits and to align with the provisions of the laws, professional standards, and agreements made with the customers, in consideration of company stakeholder as declared in the Company's statement of intent., The quality policies defined in the Company's statement has been communicated to all employees to strictly comply with, that is, **"Supalai Public Company Limited places emphasis on continual development of 'Quality' in the systems of planning, designing, construction, sales and community service according to the laws, professional standards, and written agreements made with the customers, in consideration of stakeholder interests."**

Over the past 29 years, the Company has focused its business targets on stable and sustainable growth; that are profit growth, strong competitiveness, and social legitimacy. The marked difference in the Company management is the implementation of ISO 9001 Quality Management System as its key management tool, taking the Company towards world-class standard. Standard operating procedure has been set to standardize the performance of every employee and every unit to enable on time delivery of quality output to customers. The Company's houses and condominium units undergo quality auditing in every process. In addition, for confidence in product quality, the Company has given to every customer a certificate of guarantee for house or condominium unit.

In 2018, the Company received ISO 9001:2015 certification that improved and enhanced the Company's quality system to another level. On top of focusing on system implementation in control and traceability in management of various processes, the Company has defined additional requirements pertaining to the organizational context in understanding stakeholder needs and expectations, and placing emphasis on risk and opportunity management on different levels of operation as they serve to provide important foundation in driving the Company's continuous improvement and sustainability.

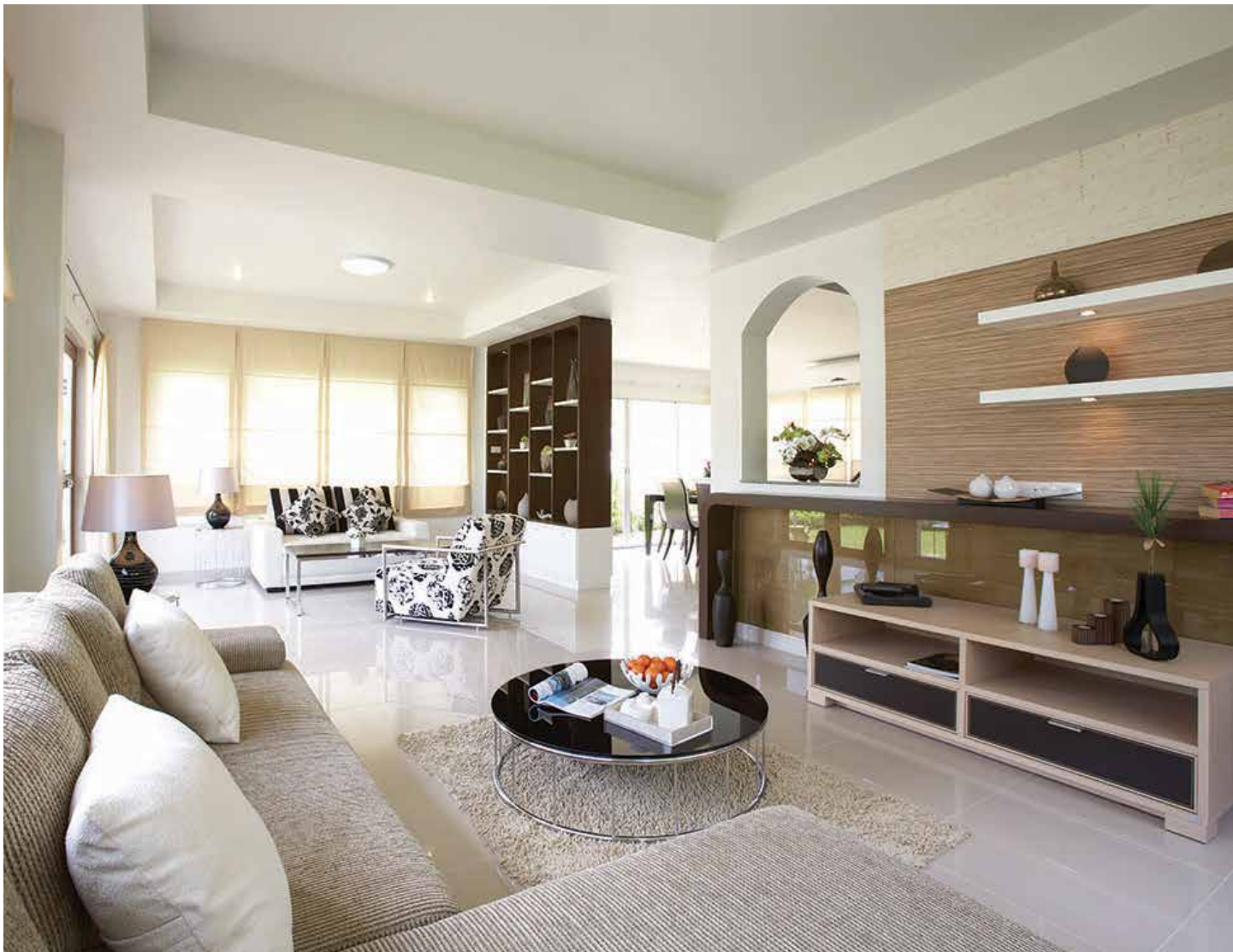


## Quality Objectives

Supalai has received the ISO 9001 certification since 2002 up to the present. Throughout the period for more than 16 years, the Company has constantly developed its working system in order to satisfy the demand and maximize the customers' and stakeholders' satisfaction. Such ISO 9001:2015 certification covers the plan layout, designing, construction, sales as well as after-sale services for both the housing and condominium projects. Results of the Company's application for certification, details are as follows:

**On 1 May 2002**, the Company received ISO 9001:1994 certification from the Engineering Institute of Thailand, the Certification Body Office (EIT-CBO) under the Royal Patronage and the Energy & Environmental Accredited Quality Assessment (EAQA) for its housing development projects, whereby the Company has established the quality policies, quality objectives, quality manual, procedures and work instruction in accordance with the ISO 9001:1994 requirements.

**On 1 March 2003**, the Company received ISO 9001 : 2000 certification from the Engineering Institute of Thailand, the Certification Body Office (EIT-CBO) under the Royal Patronage and the Energy & Environmental Accredited Quality Assessment (EAQA).





**On 15 August 2007,** the Company had extended the certification of ISO 9001 : 2000 to cover “Condominium Projects”, resulting in the Company being the first and only company in Thailand which has received ISO 9001:2000 certification for both the housing and condominium projects covering the plan layout, designing, construction, sales and after-sale services.

**On 26 March 2010,** the Company received ISO 9001:2008 certification from Bureau Veritus Certification (Thailand) Ltd. (BVC).

**On 11 November 2018,** the Company received ISO 9001:2015 certification from Bureau Veritus Certification (Thailand) Ltd. (BVC).

The ISO 9001:2015 is an important management tool that enables the Company to operate systematically in accordance to the international standards and processes for continual and sustainable development. The employees’ participation in working as a team has also contributed to the creation of operation standards in order to work in a more systematic ways by including operational steps in the procedures, work instructions, operation regulations and other concerned documents in order to be manuals for all employees. There have been reviews of the procedures and work process from time to time to ensure that the operational management system is still suitable with sufficient coverage in order to achieve maximum efficiency when implemented.

Upon receiving the ISO 9001:2015 certification in 2018, the Company has improved its processes as follows:

- 1) Define the topic of corporate context regarding the objectives, quality, strategy and impact on the ability of an organization to achieve the expected results, which takes into consideration issues relating to law, technology, competition condition, marketing, culture, society, environment, economy including issues relating to corporate values, organizational culture, knowledge and competency of the organization.
- 2) Define the topic of stakeholders relating to the Company's quality management system, such as employees, customers, shareholders, investors, communities / society, environment, suppliers / shops / contractors, government agencies, the SET, banks including competitors in the same business, which have impact on the ability of the Company in delivering the product in accordance with the agreements made with the customers, legal requirements and relevant regulations.
- 3) Define the organizational knowledge required for maintaining all the operational processes so as not to lose them including the preserving methods, access, communication methods, and always updating the knowledge.
- 4) Consider risk and opportunity in all processes of quality management system in order for all employees to be aware of how to manage risk and see opportunities to develop products and services so that quality management systems can achieve established goals.
- 5) Review "Quality Policy" to be in accordance with the target and corporate context to support the organization's strategic direction according to the requirements of ISO 9001: 2015.
- 6) Conduct internal quality audit (IQA) according to the requirements of ISO 9001: 2015
- 7) Organize a meeting of the Management Review Committee to review the Company's quality management system to comply with the requirements of ISO 9001: 2015.

In operating under ISO 9001, the Company has applied 7 principles of quality management as guidelines for organizing its systems. Such principles are as follows:

- 1) Customer-Focused Organization
- 2) Leadership
- 3) Involvement of People
- 4) Process Approach
- 5) Continual Improvement
- 6) Factual Approach to Decision Making
- 7) Mutually Beneficial Supplier Relationships

There has also been process for analyzing problems to find accurate solutions and prevention with the tools that will lead to improvement and development of working system continually in various matters, such as

**1. Establishing Key Performance Indicators (KPIs)** All units need to have the performance measurement to reflect the efficiency and effectiveness of their operations and to create impetus for the development of job performance according to the goals. There is the measurement process of plan layout, designing, construction, sales and after-sale services.

The Company has also reviewed the indicators and targets of all processes periodically to comply with current policies and practices to achieve maximum efficiency and effectiveness, with an emphasis on the measurement principle of “A customer is the most important visitor” applicable to both internal and external customers in consideration of stakeholder interests in order to continuously improve quality and service standard of the Company. Such assessment includes:

- **Measurement of customers’** satisfaction in various aspects such as after-sale services, repair services, project management, provision of information and speedy services, etc., in order to use as indicators by concerned departments and for assessing the customers’ satisfaction with the quality of homes, condominium units and the employees’ service; this will help the Company to know the point that needs to be improved and the needs include expectations of customers for the Company further carry out improvement and development on a continual basis.
- **Measurement of process of complaint reception** in order that every unit to provide customer with responses and resolutions in a timely manner and much faster. The Company has also taken the complaints from clients for analysis and established guidelines to prevent recurrence. Such responses and problem solving have been monitored by the management continuously as the Company has set up the procedures and notified every employee to strictly comply with.
- **Measurement of homes and units delivery to customers** by quality evaluation and the delivery time which is on schedule agreed upon with the customers.
- **Measurement of process for internal customers** which emphasizes the input, the process and the output by controlling the operation to be consistent with the set targets in order to ensure that such work would bring about quality input for subsequent process.
- **etc.**

**2. Every unit is required to improve the ISO 9001 system on a continual basis as a result** of the following operations:

- Analyzing information and monitoring the operation;
- Measuring operational results by using KPIs;
- Reviewing of information and measuring customers' satisfaction;
- The improvement and development of working system according to recommendations from the monitoring of ISO 9001 system by both the system certifying body and the Company's internal quality auditor;
- Providing that there be a review of the system and the management process in the procedures, work instructions, operation regulations and concerned documents from time to time to ensure that the management system is still suitable with sufficient coverage, while improvement and development have been carried out continuously.

**3. The application of competency in the organization** to establish the relationship among the levels of skill, knowledge, ability, expertise and suitability of each working position as well as emphasizing the promotion and incentives for working, specifically the emphasis on employee development plan.

**4. The establishment of selection criteria for employment,** operation control and evaluation of the outside contractors covering all processes of employment of the Company. To ensure that the external contractors employed by the Company are qualified and qualification according to the Company's requirements.

**5. Control and monitor the operation closely by high ranking executives** through various means such as

- Monitoring ISO 9001 system by the certifying body;
- Performing internal quality audit (IQA) by company-appointed auditors and reviewing the results to continuously improve the quality system;
- Tracking the resolution of monthly customer complaints and following up with the responsible person(s) of the in-review complaints from the previous month to expedite the resolution;
- Reporting the operational results and KPIs and tracking the outstanding KPI corrections from the previous month; and
- Reviewing various process related issues and risks in the meeting by the Quality System Improvement committee, represented by managers from all departments.

**6. The Company has appointed employees from various departments to be internal quality auditors of ISO 9001:2015.** The employees therefore have participated in the monitoring of operations of other departments on a continual basis to ensure confidence of the executives and customers that each step of operation is in line with the requirements of ISO 9001:2008 standards and the operational procedures established by the Company. Furthermore, from monitoring, the internal quality auditors of the Company would provide recommendations and guidelines for continual improvement and development of various departments' working systems. Accordingly, the auditors and the persons being monitored can learn about each other and understand better the working process of each department, which are considered internal customers and thereby enhancing the internal coordination to be more efficient.

Furthermore, the Company has laid down a policy of attaching importance to every customer by installing a property sign “***A customer is the most important visitor on our premises, of Mahatma Gandhi***” at every estate project, as a guideline to be followed by every employee and to provide good service to customers who are deemed the Company’s most important persons.

Furthermore, in response to customer needs, the Company has provided customers with several communication channels to the Company, regardless of whether the content is of comments, suggestions, and complaints on products and services through the 1720 system, which is the intermediate unit responsible for handling various matters including repair request, complaint submission, and providing various information to customers or those interested in the Supalai project. Also, top executives of the Company have paid close attention to every process and regularly visited various projects to gain an insight into problems, leading to solutions or preventive measures on an expedited basis. Such actions taken by the Company are aimed for the continuous development of its goods and services in order to satisfy the demand and maximum satisfaction of the customers.





# Connected Transactions

## Connected Transactions in 2018

Related Company	Relationship	Description of Transaction	Transaction Value (Million Baht)	Opinion of Audit Committee/ Need and Reasonableness
			2018	
1. Durafloor Company Limited  <u>Type of Business</u> Selling wall paper and Durafloor tiles	It has 1 joint Director with SPALI, Dr. Prateep Tangmatitham.	<u>Purchases of Construction Materials</u>  SPALI purchases wall paper and durafloor tiles of certain types specified by SPALI.	133	Such transaction is of the same nature of trading agreement which persons of ordinary prudence would do with general trading partners in the same circumstances at the normal prices and conditions offered by sellers to general customers with trade negotiation power, without influence as Directors, Executives or related persons.
		<u>Trade Account Payables</u>  Trade account payables arising from purchases of wall paper and durafloor tiles of certain types specified by SPALI.	31.5	
2. Diamond Building Products Public Company Limited  <u>Type of Business</u> Selling roof tiles	It has 1 joint Director with SPALI, Mr. Prakrit Pradiprasen.	<u>Purchases of Construction Materials</u>  SPALI purchases the roof tiles of certain types specified by SPALI.	41	Such transaction is under the same nature of trading agreement which persons of ordinary prudence would do with general trading partners in the same circumstances at the normal prices and conditions offered by sellers to general customers with trade negotiation power, without influence as Director, Executive or related person.
		<u>Trade account payables</u>  It is trade account payables arising from the purchases of roof tiles of certain types specified by SPALI.	-	

หมายเหตุ SPALI: Supalai Public Company Limited

## Measures or Procedures for Approval of Connected Transactions

According to Section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008), “Executive Directors or other related persons can carry out the transactions with a company or its subsidiaries only when such transaction has been authorized by the meeting of shareholders except when the transaction is a trading agreement in the manner any person of ordinary prudence shall conduct with their business partner under the same circumstances, with the power to negotiate the business as authorized by the company’s board of directors, or according to the principles approved by the company’s board of directors.”

As per the above requirement, the Company’s Board of Directors has therefore specified that the Company and its subsidiaries wishing to carry out any transaction with any executive director or related person, such transaction must be in accordance with the general trading conditions or a transaction under trading agreement in the same manner as the

person of ordinary prudence would do with general contracting partners under the same circumstances, and according to the negotiating power, without the influence such person has in the position of director, executive or related person, as the case may be, under reasonable condition and accountability that can be examined and shall not cause a transfer of interest. Besides, such transaction must be considered by the Company's Board of Directors. Furthermore, the Company shall make a summary report every time there is a transaction worth more than 20 million baht to be presented to the meeting of the Company's Board of Directors.

The Company's Board of Directors has prescribed the policies, procedures and consideration and approval process of the transaction as well as disclosing of information in accordance with the regulations prescribed by the government regulatory agency. That is, the Company or its subsidiaries can carry out a transaction with persons who may have conflict of interest only when approved by the Audit Committee or the Independent Directors, and have been approved by the Company's Board of Directors and/ or the meeting of shareholders prior to the transaction according to the amount of the transaction prescribed by the Stock Exchange of Thailand. However, for the transaction in which the Directors or persons who may have conflict of interest, vested interest, or may have other conflicts of interest with the Company, such Directors or persons shall not have the right to vote in that matter. For such purposes, the transaction shall not be conducted in such a manner of authorization which allows the authorized person to have the power in any other way to approve the transaction with interest of such authorized person or person with interest or conflict of interest with the Company or its subsidiaries.

## **Policy or Future Trend for Connected Transactions**

The Company has a policy to continue the current connected transactions in the future under a good corporate governance by prescribing conditions in compliance with normal characteristics of business operations and market prices comparable to the prices paid by third parties. The Company includes the Audit Committee in considering the suitability of the prices and the reasonableness of the connected transactions.

As for future connected transactions, the Company's Board of Directors will comply with the laws governing securities and the securities market as well as regulations, notifications, orders or requirements of the Office of the Securities and Exchange Commission, the Capital Supervision Committee and the Stock Exchange of Thailand, as well as following the requirements on disclosure of information on connected transactions and the acquisition or selling of important assets of the Company or its subsidiaries.

If there is a connected transaction of the Company or its subsidiaries with persons who may have conflict of interest, vested interest, or may have conflict of interest in the future, the Company will require the Audit Committee's opinion on the need and appropriateness of such transaction. In the case where the Audit Committee has no expertise in considering the connected transaction which may be incurred, the Company will request the independent experts or the Company's auditor to give opinion on such connected transaction in support of the decision making of the Company's Board of Directors or its shareholders, as the case may be. The Company shall disclose connected transactions in the notes to the financial statements audited by the Company's auditor.

Regarding the provision of financial assistance to its subsidiaries in the future, the Company shall consider their financial position, business operational results and ability in making repayment. In providing financial support to such subsidiaries, the Company shall take into consideration the advantages and disadvantages whether or not such subsidiaries can continue their business operations without the Company's assistance. Furthermore, in providing assistance, the Company shall take into consideration its position as a major shareholder and the power to control the management to be in line with the Company's objectives. The Company shall not, however, provide financial support to other companies which are not the Company's subsidiaries.





# Report on The Board of Director's Responsibility For Financial Report

The Board of Directors is responsible for financial statements of Supalai Public Company Limited and the consolidated financial statements of Supalai Public Company Limited and its subsidiaries including the information technology regarding financial matters appear in the annual report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2004, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 1992, in addition, their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2000., whereby appropriate accounting policies have been utilized and implemented on a continual basis with careful discretion and best practice for the forecast. Also, important information has been sufficiently disclosed in the notes to financial statements in order to be transparent and beneficial to shareholders and general investors.

The Board of Director has provided suitable and efficient internal control system to reasonably assure that the accounting information is correct, complete, adequate and timely in order to maintain the property and prevent dishonest act or adverse act in material matters. It has also appointed the Audit Committee comprising independent directors who perform supervisory duties and review accounting policies and quality of financial reports, internal control system and the internal audit procedures to be efficient. The opinions of the Audit Committee on the above-mentioned matters are as appear in the report of the Audit Committee as presented in the annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been audited by an independent certified public accountant, which was EY Office Limited. For the audit, the Board of Directors has provided information and documents in order for the auditor to be able to perform the auditing work and express opinions according to the accounting standards. Such opinions of the auditor appear without qualifying in the report of the auditor as presented in the annual report.

The Board of Directors is of the opinion that the overall internal control system of the Company has maintained an effective internal control at an adequate and appropriate level of protection and created reasonable confidence that the financial statements of Supalai Public Company Limited and the consolidated financial statements of Supalai Public Company Limited and its subsidiaries for the year ended 31 December 2018 are reliable in all material respects and have been prepared in accordance with Thai Financial Reporting standards and relevant laws and regulations.

**(Dr. Prateep Tangmatitham)**

**Chairman of the Board of Director  
Supalai Public Company Limited**



# Independent Auditor's Report

## To the Shareholders of Supalai Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Supalai Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Supalai Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Supalai Public Company Limited and its subsidiaries and of Supalai Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy due to the early adoption of Thai Financial Reporting Standards 15 *Revenue from Contracts with Customers*. The Company and subsidiaries have restated the financial statements of the prior period to reflect the adjustment resulting from such change and appropriately presented comparative information. My opinion is not qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### *Revenue recognition from sales of real estate*

In 2018, the Group had revenue from sales of real estate which is highly significant amount in the financial statements, I focused on the correctness of revenue recognition from real estate sales in accordance with the Group's policy.

I have examined the revenue from sales of real estate of the Group by

- Assessing and testing the internal controls of the Group with respect to the revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select revenue transactions and examining the sales contracts and supporting documents for sales and transfer of ownership to assess whether revenue recognition was compliant with the Group's policy.
- I have performed analytical procedures on revenue from sales of real estate data by project for each quarter to detect possible irregularities in revenue transactions.

### *Compliance with covenants stipulated in loan/debenture agreements*

As at 31 December 2018, the Group had significant amount of loans and debentures. Under the loan/debenture agreements, the Group is required to comply with certain covenants. If the Group is unable to comply with those covenants, it may result in the loans and debentures being called by the lenders/debenture holders, including the reclassification and the preparation of the Group's financial statements.

I read the loan/debenture agreements, understood and assessed the process by which compliance with the covenants specified in the contracts is monitored by management. I also examined documentation related to compliance with both the non-financial and financial covenants, including testing the financial ratio calculations to assess whether they complied with the covenants in the loan/debenture agreements. In addition, I reviewed the disclosure of information on conditions of loan/debenture agreements in the notes to the financial statements.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

**Supachai Phanyawattano**

**Certified Public Accountant (Thailand) No. 3930**

**EY Office Limited**

**Bangkok: 26 February 2019**



## Supalai Public Company Limited and its subsidiaries

# Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			(Restated)	(Restated)		(Restated)	(Restated)
Assets							
Current assets							
Cash and cash equivalents		1,055,748,548	513,522,443	569,066,878	823,331,542	365,559,283	293,526,278
Current investments	8	628,615,405	1,260,490,255	-	30,127,827	-	
Trade and other receivables		20,881,903	22,589,040	19,442,225	7,860,441	2,055,551	2,222,836
Short-term loans to subsidiaries and interest receivables	7	-	-	-	68,408,117	86,026,507	1,500,330
Current portion of long-term loan to subsidiary company and interest receivable	7	-	-	-	-	551,218,391	192,348,000
Current portion of long-term loans to associates and interest receivables	7	171,308,250	-	-	-	-	-
Advance to subsidiary company		-	-	-	-	3,407,023	3,736,487
Costs of property development projects for sales	9	50,543,073,271	49,509,866,449	46,409,679,237	48,273,766,565	47,075,154,242	43,787,366,800
Deposits for land purchase		304,402,011	295,294,644	202,956,613	284,358,551	295,294,644	202,956,613
Advance payment for construction materials		353,188,636	244,466,983	321,469,067	352,754,022	243,708,823	320,860,190
Other current assets		234,239,792	309,841,957	266,821,366	189,789,594	254,824,523	180,677,948
Total current assets		53,311,457,816	52,156,071,771	47,789,435,386	50,030,396,659	48,877,248,987	44,985,195,482
Non-current assets							
Restricted bank deposits		22,841,100	25,477,150	25,936,200	-	-	-
Long-term loan to subsidiary company, net of current portion		-	-	-	-	-	404,532,613
Long-term loans to associates, net of current portion	7	648,909,552	621,287,895	390,053,241	-	-	-
Dividend received from subsidiary company	7	-	-	-	182,400,000	-	-
Investments in subsidiaries	10	-	-	-	3,220,797,055	3,111,465,610	2,776,654,911
Investments in joint ventures and associates	11, 12	1,212,235,627	1,114,043,720	856,423,820	-	-	-
Other long-term investments	13	401,308,823	1,671,200	1,620,675	322,373,399	1,671,200	1,620,675
Investment properties	14	1,183,244,625	1,235,501,586	1,989,977,734	765,239,678	796,060,130	828,314,492
Property, building and equipment	15	390,258,954	413,932,765	439,496,618	248,124,828	261,050,446	273,792,507
Intangible assets	16	56,219,502	57,844,136	61,345,749	56,214,337	57,811,378	61,255,451
Deferred tax assets	26	51,758,306	58,458,736	106,837,176	42,474,392	40,916,291	90,499,537
Assets recognised from costs to obtain a contract with a customer	17	402,418,023	38,160,598	36,108,489	402,418,023	38,160,598	36,108,489
Other non-current assets		23,121,598	23,803,982	24,972,667	21,593,555	22,229,383	23,547,337
Total non-current assets		4,392,316,110	3,590,181,768	3,932,772,369	5,261,635,267	4,329,365,036	4,496,326,012
Total assets		57,703,773,926	55,746,253,539	51,722,207,755	55,292,031,926	53,206,614,023	49,481,521,494

The accompanying notes are an integral part of the financial statements.



**Supalai Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			(Restated)	(Restated)		(Restated)	(Restated)
Liabilities and shareholders' equity							
Current liabilities							
Bills of exchange payable	18	1,996,492,406	2,976,857,494	1,977,069,075	1,996,492,406	2,976,857,494	1,977,069,075
Trade and other payables	19	1,582,163,629	1,834,335,765	2,117,138,605	1,480,607,274	1,758,991,508	2,027,897,208
Current portion of long-term loans							
from banks	20	-	2,460,000,000	2,090,205,702	-	2,460,000,000	2,029,100,811
Current portion of debentures	21	4,498,764,836	4,699,343,487	4,398,960,514	4,498,764,837	4,699,343,487	4,398,960,514
Short-term loan from other party		-	12,738,575	25,936,200	-	-	-
Short-term loans from director and							
interest payable		-	-	287,058,973	-	-	
Income tax payable		691,367,837	730,559,964	406,531,616	642,513,124	645,048,882	389,418,567
Deposits and advances received from customers		4,844,398,952	3,763,836,644	3,389,780,050	4,812,679,283	3,725,454,419	3,322,550,019
Retention guarantees		489,924,834	489,555,770	576,257,582	466,221,818	466,502,026	534,083,235
Provision for liabilities arising from legal cases	31.4	31,836,620	30,762,020	29,000,000	31,836,620	30,762,020	29,000,000
Other current liabilities		271,201,126	316,692,190	211,625,147	250,669,586	295,771,946	187,576,329
Total current liabilities		14,406,150,240	17,314,681,909	15,509,563,464	14,179,784,948	17,058,731,782	14,895,655,758
Non-current liabilities							
Long-term loans from banks, net of							
current portion	20	78,298,043	128,998,214	1,741,585,974	-	-	1,540,069,675
Debentures, net of current portion	21	8,194,277,195	9,692,297,930	10,691,433,071	8,194,277,195	9,692,297,930	10,691,433,071
Provision for long-term employee benefits	22	156,629,524	139,305,359	101,094,331	140,606,343	125,274,693	87,895,469
Deferred tax liabilities	26	145,942,585	57,557,526	32,859,844	81,185,123	13,922,966	13,729,166
Other non-current liabilities		796,826	2,493,947	4,758,361	270,325	2,493,947	4,758,361
Total non-current liabilities		8,575,944,173	10,020,652,976	12,571,731,581	8,416,338,986	9,833,989,536	12,337,885,742
Total liabilities		22,982,094,413	27,335,334,885	28,081,295,045	22,596,123,934	26,892,721,318	27,233,541,500

The accompanying notes are an integral part of the financial statements.

**Supalai Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			(Restated)	(Restated)		(Restated)	(Restated)
Shareholders' equity							
Share capital							
Registered							
2,145,691,561 ordinary shares of Baht 1 each (1 January 2017: 1,716,553,249 shares)		2,145,691,561	2,145,691,561	1,716,553,249	2,145,691,561	2,145,691,561	1,716,553,249
Issued and fully paid-up							
2,143,079,330 ordinary shares of Baht 1 each (2017: 1,716,553,249 shares)	25	2,143,079,330	1,716,553,249	1,716,553,249	2,143,079,330	1,716,553,249	1,716,553,249
Paid-in capital							
Share premium	25	1,498,995,415	219,417,172	219,417,172	1,498,995,415	219,417,172	219,417,172
Treasury share premium		453,211,503	453,211,503	453,211,503	391,745,272	391,745,272	391,745,272
Retained earnings							
Appropriated-statutory reserve	23	214,569,156	177,000,000	177,000,000	214,569,156	177,000,000	177,000,000
Unappropriated		30,165,358,507	25,270,258,132	20,422,470,785	28,447,642,603	23,809,256,268	19,743,383,977
Other components of shareholders' equity		(489,438,293)	(123,599,436)	(14,178,637)	(123,784)	(79,256)	(119,676)
Equity attributable to owners							
of the Company		33,985,775,618	27,712,840,620	22,974,474,072	32,695,907,992	26,313,892,705	22,247,979,994
Non-controlling interests of the subsidiaries		735,903,895	698,078,034	666,438,638	-	-	-
Total shareholders' equity		34,721,679,513	28,410,918,654	23,640,912,710	32,695,907,992	26,313,892,705	22,247,979,994
Total liabilities and							
shareholders' equity		57,703,773,926	55,746,253,539	51,722,207,755	55,292,031,926	53,206,614,023	49,481,521,494

The accompanying notes are an integral part of the financial statements.

## Supalai Public Company Limited and its subsidiaries

# Income statement

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017 (Restated)	2018	2017 (Restated)
Revenues					
Revenue from sales of real estate		25,203,083,849	24,400,652,426	23,875,810,896	23,289,142,405
Revenue from rental and services		349,457,784	402,740,094	194,892,936	172,855,757
Gain on disposal of investment properties		-	450,568,135	-	1,008,797
Other income		256,992,287	318,610,300	349,193,731	246,139,291
Total revenues		25,809,533,920	25,572,570,955	24,419,897,563	23,709,146,250
Expenses					
Cost of real estate sales		15,545,989,028	15,266,999,103	14,682,531,417	14,556,046,168
Cost of rental and services		197,685,116	228,062,948	85,165,970	78,642,590
Selling expenses		1,538,970,909	1,453,244,939	1,442,031,539	1,377,987,552
Administrative expenses		1,273,691,618	1,199,045,296	1,092,475,934	1,048,794,768
Total expenses		18,556,336,671	18,147,352,286	17,302,204,860	17,061,471,078
Profit before share of profit from investments in joint ventures and associates, finance cost and income tax expenses					
		7,253,197,249	7,425,218,669	7,117,692,703	6,647,675,172
Share of profit from investments in joint ventures and associates	11, 12	306,715,378	290,883,901	-	-
Profit before finance cost and income tax expenses		7,559,912,627	7,716,102,570	7,117,692,703	6,647,675,172
Finance cost		(268,587,088)	(347,746,328)	(266,151,499)	(336,764,985)
Profit before income tax expenses		7,291,325,539	7,368,356,242	6,851,541,204	6,310,910,187
Income tax expenses	26	(1,448,724,911)	(1,488,918,347)	(1,337,836,054)	(1,278,715,919)
Profit for the year		5,842,600,628	5,879,437,895	5,513,705,150	5,032,194,268
Profit attributable to:					
Equity holders of the Company		5,770,419,190	5,813,687,492	5,513,705,150	5,032,194,268
Non-controlling interests of the subsidiaries		72,181,438	65,750,403		
		5,842,600,628	5,879,437,895		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		2.92	3.39	2.79	2.93
Diluted earnings per share					
Profit attributable to equity holders of the Company		2.92	3.25	2.79	2.81

The accompanying notes are an integral part of the financial statements.

# Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017 (Restated)	2018	2017 (Restated)
<b>Profit for the year</b>		5,842,600,628	5,879,437,895	5,513,705,150	5,032,194,268
<b>Other comprehensive income::</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(311,962,566)	(76,847,203)	-	-
Gain (loss) on change in value of available-for-sale investments		(62,029,289)	(33,006,413)	(55,660)	50,525
Less: Income tax effect	<b>26</b>	3,696,551	103,371	11,132	(10,105)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(370,295,304)	(109,750,245)	(44,528)	40,420
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	<b>22</b>	-	(27,296,636)	-	(27,777,773)
Less: Income tax effect	<b>26</b>	-	5,459,328	-	5,555,555
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(21,837,308)	-	(22,222,218)
<b>Other comprehensive income for the year</b>		(370,295,304)	(131,587,553)	(44,528)	(22,181,798)
<b>Total comprehensive income for the year</b>		5,472,305,324	5,747,850,342	5,513,660,622	5,010,012,470
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		5,404,580,333	5,682,333,939	5,513,660,622	5,010,012,470
Non-controlling interests of the subsidiaries		67,724,991	65,516,403		
		5,472,305,324	5,747,850,342		

The accompanying notes are an integral part of the financial statements.

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(Unit: Baht)

The accompanying notes are an integral part of the financial statements.

## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Treasury share premium	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated	Unappropriated	Deficit on changes in value of available-for-sale investments, net	
<b>Balance as at 1 January 2017 - as previously reported</b>	1,716,553,249	219,417,172	391,745,272	177,000,000	19,714,497,186	(119,676)	22,219,093,203
Cumulative effect of change in accounting policy for revenue from contracts with customers (Note 3)	-	-	-	-	28,886,791	-	28,886,791
<b>Balance as at 1 January 2017 - as restated</b>	1,716,553,249	219,417,172	391,745,272	177,000,000	19,743,383,977	(119,676)	22,247,979,994
Profit for the year - as restated	-	-	-	-	5,032,194,268	-	5,032,194,268
Other comprehensive income for the year	-	-	-	-	(22,222,218)	40,420	(22,181,798)
Total comprehensive income for the year - as restated	-	-	-	-	5,009,972,050	40,420	5,010,012,470
Dividend paid (Note 30)	-	-	-	-	(944,099,759)	-	(944,099,759)
<b>Balance as at 31 December 2017</b>	1,716,553,249	219,417,172	391,745,272	177,000,000	23,809,256,268	(79,256)	26,313,892,705
<b>Balance as at 1 January 2018 - as previously reported</b>	1,716,553,249	219,417,172	391,745,272	177,000,000	23,778,727,791	(79,256)	26,283,364,228
Cumulative effect of change in accounting policy for revenue from contracts with customers (Note 3)	-	-	-	-	30,528,478	-	30,528,478
<b>Balance as at 1 January 2018 - as restated</b>	1,716,553,249	219,417,172	391,745,272	177,000,000	23,809,256,269	(79,256)	26,313,892,706
Increase in share capital (Note 25)	426,526,081	1,279,578,243	-	-	-	-	1,706,104,324
Transfer to statutory reserve	-	-	-	37,569,156	(37,569,156)	-	-
Profit for the year	-	-	-	-	5,513,705,150	-	5,513,705,150
Other comprehensive income for the year	-	-	-	-	-	(44,528)	(44,528)
Total comprehensive income for the year	-	-	-	-	5,513,705,150	(44,528)	5,513,660,622
Dividend paid (Note 30)	-	-	-	-	(837,749,660)	-	(837,749,660)
<b>Balance as at 31 December 2018</b>	2,143,079,330	1,498,995,415	391,745,272	214,569,156	28,447,642,603	(123,784)	32,695,907,992

The accompanying notes are an integral part of the financial statements.



## Supalai Public Company Limited and its subsidiaries

# Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statement		Separate financial statements	
	2018	2017 (Restated)	2018	2017 (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	7,291,325,539	7,368,356,242	6,851,541,204	6,310,910,187
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	116,938,468	142,898,646	76,372,539	76,293,920
Share of profit from investments in joint ventures and associates	(306,715,378)	(290,883,901)	-	-
Gain on disposal of investment properties	-	(450,568,135)	-	(1,008,797)
Loss on sales of current investments	15,235,191	-	-	-
Gain on sales of property, building and equipment	(2,934,085)	(9,537,326)	(1,000,156)	(1,882,266)
Unrealised loss on exchange	(1,004,711)	-	(1,004,711)	60,349,082
Unrealised gain on changes in value of current investments in trading securities	(127,827)	-	(127,827)	-
Reversal of allowance for loss on diminution in project value	-	(12,610,329)	-	-
Provision for liabilities arising from legal cases	1,074,600	1,762,020	1,074,600	1,762,020
Amortisation of issuance cost of debentures	5,213,206	6,036,568	5,213,206	6,036,568
Provision for long-term employee benefits	17,324,165	10,914,392	15,331,650	9,601,451
Dividend income	(108,595)	(1,393,300)	(209,481,128)	(32,474,139)
Interest income	(119,489,581)	(86,522,482)	(19,368,796)	(19,911,858)
Interest expenses	256,643,431	335,688,315	256,221,994	324,137,010
Profit from operating activities before changes in operating assets and liabilities	7,273,374,424	7,014,140,710	6,974,772,575	6,733,813,178
Operating assets decrease (increase)				
Trade and other receivables	2,571,829	10,781,292	291,350	167,285
Costs of property development projects for sales	(837,949,272)	(2,831,412,652)	(1,008,439,408)	(3,037,992,859)
Other current assets	(38,566,070)	(24,011,341)	(29,667,153)	(89,295,996)
Asset recognised from costs to obtain a contract with a customer	(364,257,425)	(2,052,109)	(364,257,425)	(2,052,109)
Other non-current assets	682,384	1,168,685	635,828	1,317,954
Operating liabilities increase (decrease)				
Trade and other payables	(267,407,991)	(278,907,764)	(282,426,097)	(257,230,468)
Deposits and advances received from customers	1,080,562,308	374,056,594	1,087,224,864	402,904,400
Other current liabilities	(57,234,540)	18,295,414	(45,251,267)	40,614,409
Other non-current liabilities	(1,697,121)	(2,264,414)	(2,223,622)	(2,264,414)
Cash flows from operating activities	6,790,078,526	4,279,794,415	6,330,659,645	3,789,981,380
Cash paid for interest expenses	(397,838,565)	(547,095,906)	(397,417,127)	(536,896,137)
Cash paid for corporate income tax	(1,383,196,075)	(1,120,596,375)	(1,274,787,924)	(967,763,108)
<b>Net cash flows from operating activities</b>	<b>5,009,043,886</b>	<b>2,612,102,134</b>	<b>4,658,454,594</b>	<b>2,285,322,135</b>

The accompanying notes are an integral part of the financial statements.

**Supalai Public Company Limited and its subsidiaries**  
**Cash flow statement (continued)**  
**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statement</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017 (Restated)</b>	<b>2018</b>	<b>2017 (Restated)</b>
<b>Cash flows from investing activities</b>				
Interest income	39,237,059	12,796,141	87,339,641	12,360,375
Purchase of current investments	(156,634,504)	(1,293,547,193)	(30,000,000)	-
Proceeds from sales of current investments	647,805,629	-	-	-
Increase (decrease) in short-term loans to subsidiaries	-	-	17,605,000	(84,500,000)
Increase (decrease) in long-term loans to related parties	-	-	479,258,547	(6,869,334)
Increase in long-term loans to associates	(186,141,969)	(178,340,050)	-	-
Increase in investments in subsidiaries	-	(8,764,278)	(149,373,290)	(334,810,699)
Cash received from return of capital of subsidiary company	-	-	40,041,845	-
Decrease (increase) in investments in joint ventures and associates	21,062,760	(42,801,587)	-	-
Increase in other long-term investments	(405,115,468)	-	(321,847,000)	-
Dividend received from investments in joint ventures, current investments and other long-term investments	59,042,541	57,465,798	27,081,128	32,474,139
Acquisitions of investment properties	(136,940)	(1,726,596)	(900,000)	-
Acquisitions of building and equipment	(32,542,777)	(33,314,795)	(24,899,749)	(25,281,584)
Acquisitions of intangible assets	(5,247,280)	(3,306,321)	(5,247,280)	(3,306,321)
Proceeds from sales of investment properties	-	1,045,621,198	-	1,510,000
Proceeds from sales of property, building and equipment	4,945,542	13,823,150	1,017,757	2,115,545
<b>Net cash flows from (used in) investing activities</b>	<b>(13,725,407)</b>	<b>(432,094,533)</b>	<b>120,076,599</b>	<b>(406,307,879)</b>
<b>Cash flows from financing activities</b>				
Cash receipt from bills of exchange payable	-	3,851,077,730	-	3,851,077,730
Cash paid for bills of exchange payable	(1,025,301,007)	(2,900,000,000)	(1,025,301,007)	(2,900,000,000)
Decrease in short-term loans from director	-	(287,000,000)	-	-
Cash receipt from long-term loans from banks	19,603,329,116	24,978,311,428	19,595,000,000	24,886,241,320
Repayment of long-term loans from banks	(22,100,682,200)	(26,239,489,935)	(22,055,000,000)	(25,995,411,806)
Proceeds from issuance of debentures	2,996,187,409	3,695,211,264	2,996,187,409	3,695,211,264
Cash paid for redemption of debentures	(4,700,000,000)	(4,400,000,000)	(4,700,000,000)	(4,400,000,000)
Dividend paid	(837,749,660)	(944,099,759)	(837,749,660)	(944,099,759)
Cash received from exercised warrants	1,706,104,324	-	1,706,104,324	-
Cash paid for decrease issued share capital of subsidiary to non-controlling interest	(9,082,162)	-	-	-
Subsidiary paid dividend for non-controlling interest of the subsidiary	(20,758,788)	(24,910,545)	-	-
<b>Net cash flows used in financing activities</b>	<b>(4,387,952,968)</b>	<b>(2,270,899,817)</b>	<b>(4,320,758,934)</b>	<b>(1,806,981,251)</b>
<b>Translation adjustments</b>	<b>(65,139,406)</b>	<b>35,347,781</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>542,226,105</b>	<b>(55,544,435)</b>	<b>457,772,259</b>	<b>72,033,005</b>
Cash and cash equivalents at beginning of year	513,522,443	569,066,878	365,559,283	293,526,278
<b>Cash and cash equivalents at end of year</b>	<b>1,055,748,548</b>	<b>513,522,443</b>	<b>823,331,542</b>	<b>365,559,283</b>

The accompanying notes are an integral part of the financial statements.



## Supalai Public Company Limited and its subsidiaries

# Notes to consolidated financial statements

For the year ended 31 December 2018

## 1. General information

Supalai Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in property development. The registered of the Company is at 1011 Supalai Grand Tower, Rama 3 Road, Chongnonsri, Yannawa, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Supalai Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (Percent)	2017 (Percent)
Investments in subsidiaries (held by the Company)				
Supalai Northeast Company Limited	Property development	Thailand	99	99
Phuket Estate Company Limited	Hotel and Property development	Thailand	82	82
Haadyai Nakarin Company Limited	Property development	Thailand	57	57
Supalai Property Management Company Limited	Hotel and Management	Thailand	100	100
Supalai Philippines Incorporate	Office building rental	Philippines	100	100
Supalai Singapore Holdings Pte. Ltd.	Holdings company	Singapore	100	100
Investments in subsidiaries (held by Supalai Singapore Holdings Pte. Ltd.)				
Supalai Australia Holdings Pty Ltd	Holdings company	Australia	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (Percent)	2017 (Percent)
Investments in subsidiaries (held by Supalai Australia Holdings Pty Ltd)				
Supalai Rippleside Development Pty Ltd	Holdings company	Australia	100	100
Supalai Officer Development Pty Ltd	Holdings company	Australia	100	100
Supalai Greenvale Development Pty Ltd	Holdings company	Australia	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

2.4 The Company has joint arrangements which assessed as joint operations between the Company and other joint operators. The Company recognises its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, to the separate financial statements, the details are as follows:

Name of entity	Nature of business	Country of incorporation	Interest in joint operations	
			2018 Percent	2017 Percent
Peet No 119 Pty Ltd	Project development	Australia	50	50

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards did not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

##### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company and its subsidiaries elected to early adopt TFRS 15 Revenue from Contracts with Customers by using the full retrospective method of adoption. The Company and its subsidiaries elected to apply the following practical expedients.

- Not disclose the effect of the transition on the current year;
- Not restate contracts that begin and end within the same annual reporting period;
- Not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The amounts of adjustments affecting the statements of financial position, statement of income and the statements of comprehensive income are summarised below.

(Unit: Million Baht)

	Increase (decrease)	
	Consolidated / Separate financial statements	
	31 December 2017	1 January 2017
<b>Statements of financial position</b>		
Cost to obtain a contract	38	36
Deferred tax liabilities	7	7
Unappropriated retained earnings	31	29

(Unit: Million Baht)

	Increase (decrease) in profit for the year ended 31 December 2017
	Consolidated / Separate financial statements
<b>Statement of income and statement of comprehensive income</b>	
<b>Profit or loss:</b>	
Revenue from sales of real estate	(217)
Cost of real estate sales	51
Selling and distribution expenses	(270)
<b>Profit for the year</b>	<b>2</b>
<b>Attributable to:</b>	
Profit attributable to equity holders of the Company	2

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7

TFRS 9

Accounting standard:

TAS 32

Financial Reporting Standard Interpretations:

TFRIC 16

TFRIC 19

Financial Instruments: Disclosures

Financial Instruments

Financial Instruments: Presentation

Hedges of a Net Investment in a Foreign Operation

Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 4. Significant accounting policies

### 4.1 Revenue from contracts with customers

a) Revenue from sales of real estate

Revenue from sales of land, land and houses and condominium units are recognised in full when control of the real estate is transferred to the customer. Sales are thus recognised as revenue in full when the construction works are completed and the ownership has been transferred to buyers after all payments have been received from the buyers. Revenue from sales of real estate is presented as net realizable value for transferring real estate after deductive of discount and exclusive VAT.

b) Revenue from rental and services

Rental income is recognised as revenue over on straight-line basis the period of the lease.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

c) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

d) Dividends

Dividends are recognised when the right to receive the dividends is established.

e) Cost to obtain a contract

The Company and its subsidiaries recognise commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition.

### 4.2 Cost of real estate sales

In determining the costs of land, land and houses and condominium units sold, the total development costs are attributed to units sold on the basis of the salable area.

### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.4 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

#### 4.5 Property development projects for sale

Property development projects for sale are stated at the lower of cost and net realisable value. Cost comprises cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

The Company and its subsidiaries recognise loss on diminution in project value (if any) in profit or loss.

#### 4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in held-to-maturity securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of building and office building for rent is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5, 20 and 30 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land and land held for development.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.8 Property, building and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20, 30	years
Building improvements and structures	5, 20	years
Machinery and equipment	5	years
Furniture, fixtures and office equipment	3, 5	years
Motor vehicles	5	years

Depreciation is included in profit or loss.

No depreciation is provided on land and land improvements.

An item of property, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Intangible asset - computer software**

Computer software is initially recognised at cost. Following the initial recognition, computer software is carried at cost less any accumulated amortisation and allowance for loss on impairment of assets (if any).

Computer software is amortised on a systematic basis over the economic useful life of 10 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

#### **4.11 Unamortised costs relating to the issuance of the debentures**

Expenses incurred in connection with the debentures issued are capitalised and shown as a deduction from such debentures in the statements of financial position and amortised to interest expenses using the effective interest rate over the term of the debentures.

#### **4.12 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associates and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

#### **4.13 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term

payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.14 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in profit or loss.

#### **4.15 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, building and equipment, intangible assets and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss and a reversal of allowance for impairment loss are recognised in profit or loss.

#### **4.16 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

##### ***Defined contribution plans***

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries's contributions are recognised as expenses when incurred.

##### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.17 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses they carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### Impairment loss of investments

The Company and its subsidiaries treat investments in subsidiaries in the separate financial statements and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their costs or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

### Property, building and equipment / Depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, building and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Classification of long-term loans

In classifying the current portion of long-term loans from banks, the management of the Company and its subsidiaries has used judgement to estimate collateral redemptions and loan settlement in accordance with the terms and conditions stipulated in the loan agreements.

## 6. Revenue from contracts with customers

### 6.1 Revenue recognised in relation to contract balances

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenue recognised that was included in contract liabilities at the beginning of the year	1,248	1,380	1,225	1,365



## 6.2 Revenue to be recognised for the remaining performance obligations

The table below shows the time bands of the expected timing of revenue to be recognised for the remaining performance obligations of contracts with customers as at 31 December 2018 and 2017.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Within one year	13,407	12,527	12,994	12,134
More than one year	29,122	26,660	29,122	26,660
	<b>42,529</b>	<b>39,187</b>	<b>42,116</b>	<b>38,794</b>

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with individuals and related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	

### Transactions with subsidiaries

(eliminated from the consolidated financial statements)

Rental and service income	-	-	1	1	Contract price
Interest income	-	-	7	19	1.8 - 3.9 percent per annum (2017: 2.6 - 4.0 percent per annum)
Building management fee	-	-	3	3	Contract price

### Transactions with related parties

Interest income	81	61	-	-	12.0 percent per annum
Interest expenses	-	7	-	-	3.7 - 3.8 percent per annum
Revenue from sales of real estate	1	-	-	-	Contract price
Purchases of construction material	174	238	174	236	Close to the purchase price from third parties

As at 31 December 2018 and 2017, the balances of the accounts between the Company, its subsidiaries and those related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Dividend received from subsidiary company</b>				
(eliminated from the consolidated financial statements)				
Supalai Philippines Incorporate	-	-	182,400	-

#### Trade and other payable - related parties (Note 19)

##### Related parties (Common director)

Duraflor Co., Ltd.	31,515	21,802	31,501	21,683
Diamond Building Products Public Co., Ltd.	-	17,151	-	17,151
<b>Total</b>	<b>31,515</b>	<b>38,953</b>	<b>31,501</b>	<b>38,834</b>

#### Short-term loans to subsidiaries and interest receivables

As at 31 December 2018 and 2017, the balances of short-term loans and interest receivables between the Company and its subsidiaries and the movements were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 December 2018
Supalai Property Management Co., Ltd.	-	69,599	(1,191)	68,408
Supalai Northeast Co., Ltd.	86,027	140,089	(226,116)	-
<b>Total</b>	<b>86,027</b>	<b>209,688</b>	<b>(227,307)</b>	<b>68,408</b>

#### Current portion of long-term loan to subsidiary company and interest receivable

As at 31 December 2018 and 2017, the balance of current portion of long-term loan to subsidiary Company and interest receivable between the Company and subsidiary company and the movement were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 December 2018
Supalai Philippines Incorporate	551,218	6,675	(557,893)	-

## Long-term loans to associates and interest receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Long-term loans to associates and interest receivables	820,218	621,288
<u>Less</u> Current portion and interest receivables	(171,308)	-
Long-term loans to associates, net of current portion	<b>648,910</b>	<b>621,288</b>

As at 31 December 2018 and 2017, the balance of long-term loans to associates and interest receivables between the Company and those associates and the movement were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 December 2018
Peet No. 1895 Pty Ltd	621,288	195,687	(68,694)	748,281
Satterley Narangba Pty Ltd	-	71,937	-	71,937
Total	<b>621,288</b>	<b>267,624</b>	<b>(68,694)</b>	<b>820,218</b>

## Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	171,909	173,833	152,923	153,040
Post-employment benefits	4,795	3,327	3,783	2,566
Total	<b>176,704</b>	<b>177,160</b>	<b>156,706</b>	<b>155,606</b>

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Investment in trading securities</b>				
Unit trust in fixed income fund	30,128	-	30,128	-
<b>Available-for-sale investments</b>				
Equity securities	101,431	55,467	-	-
Government bonds of a foreign subsidiary	586,470	1,238,080	-	-
Total available-for-sale investments, cost	687,901	1,293,547	-	-
<u>Less</u> Unrealised loss on changes in value of investments	(89,414)	(33,057)	-	-
Fair value	598,487	1,260,490	-	-
<b>Total current investments</b>	<b>628,615</b>	<b>1,260,490</b>	<b>30,128</b>	<b>-</b>

## 9. Costs of property development projects for sales

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land	9,635,056	5,987,102	9,633,021	5,987,102
Land and construction under development	32,596,151	36,077,346	30,764,161	34,096,961
Land and construction developed	8,318,603	7,452,155	7,881,322	6,995,828
Total	50,549,810	49,516,603	48,278,504	47,079,891
<u>Less</u> Allowance for loss on diminution in project value	(6,737)	(6,737)	(4,737)	(4,737)
Costs of property development projects for sales, net	<b>50,543,073</b>	<b>49,509,866</b>	<b>48,273,767</b>	<b>47,075,154</b>

During the years, the Company and its subsidiaries included borrowing costs in costs of property development projects for sales. These were determined by applying capitalisation rates which are the weighted average of the financial charges on total borrowings during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Borrowing costs included in costs of project development for sales (Million Baht)	203	259	195	252
Capitalisation rates (Percent)	2.3 - 3.9	2.6 - 4.0	2.3 - 3.9	2.6 - 4.0

The Company and its subsidiaries have mortgaged the following project land and construction thereon with banks as collateral for bank overdrafts, loans, bank guarantees and promissory notes that were summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book values	18,919	20,156	18,297	19,457

## 10. Investments in subsidiaries

10.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018 (Million Baht)	2017 (Million Baht)	2018 (Percent)	2017 (Percent)	2018	2017	2018	2017
Supalai Northeast Co., Ltd.	335	335	99	99	331,325	331,325	-	-
Phuket Estate Co., Ltd.	169	307	82	82	215,292	255,334	-	-
Haadyai Nakarin Co., Ltd.	192	192	57	57	173,010	173,010	27,058	32,470
Supalai Property Management Co., Ltd.	45	25	100	100	44,997	24,999	-	-
Supalai Philippines Incorporate	600	600	100	100	432,328	432,328	182,400	-
(Million PHP)								
Supalai Singapore Holdings Pte. Ltd.	81	75	100	100	2,056,845	1,927,470	-	-
(Million SGD)								
Total					3,253,797	3,144,466	209,458	32,470
Less Allowance for impairment loss of investments					(33,000)	(33,000)		
Investments in subsidiaries, net					<b>3,220,797</b>	<b>3,111,466</b>		

Movements in the investments in subsidiaries account during the year ended 31 December 2018 were as follow:

- a) On 15 March 2018, the Extraordinary General Meeting of shareholders No. 3/2018 of Phuket Estate Co., Ltd. (“PHUKETESTATE”) passed a resolution approving a decrease in its share capital by Baht 138 million, with Baht 89 million used to offset the deficit as of 31 March 2018, and the remaining amount returned to its shareholders. As a result, the registered share capital was decrease to be Baht 169 million. PHUKETESTATE registered the decrease in its share capital with the Ministry of Commerce on 20 April 2018. The Company received the return of capital totaling Baht 40 million and recorded a decrease in its investment in PHUKETESTATE as a result of this return of capital.
- b) On 11 September 2018, the Company’s Board of Directors’ meeting No.10/2018 passed a resolution approving additional investment of approximately Baht 20 million in Supalai Property Management Co., Ltd. to invest in securities of M.K. Real Estate Development Public Company Limited. That company registered the increase in its capital with the Ministry of Commerce on 12 October 2018.
- c) The Company has the additional investments in Supalai Singapore Holdings Pte. Ltd. of Baht 129 million to use in investments in joint ventures and associates in Australia following the resolutions of the meetings of the Company’s Board of Directors held on 20 February 2018 and 13 November 2018.

## 10.2 Details of investment in subsidiary that has material non-controlling interests

(Unit: Million Baht)

Company’s name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
Haadyai Nakarin Company Limited	43	43	716	670	71	62	21	25

## 10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Haadyai Nakarin Company Limited	
	2018	2017
Current assets	1,313	1,187
Non-current assets	453	473
Current liabilities	113	115
Non-current liabilities	6	5



Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	Haadyai Nakarin Company Limited	
	2018	2017
Revenue	778	712
Profit	164	143
Other comprehensive income	(11)	(1)
Total comprehensive income	153	142

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December	
	Haadyai Nakarin Company Limited	
	2018	2017
Cash flow from operating activities	137	191
Cash flow used in investing activities	(40)	(58)
Cash flow used in financing activities	(48)	(105)
Net increase in cash and cash equivalents	<b>49</b>	<b>28</b>

## 11. Investments in joint ventures

### 11.1 Details of investments in joint ventures

Investments in joint ventures represent investments in property development entities which are jointly controlled by the subsidiaries and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2018 (%)	2017 (%)	2018	2017	2018	2017
The Satterley Officer Joint Venture	25	25	56,021	119,976	244,776	212,602
The Rippleside Development Joint Venture	50	50	229,662	218,241	169,802	165,210
The Satterley Greenvale Joint Venture	25	25	238,192	238,192	315,917	379,042
Fyansford Development Pty Ltd	50	50	278,457	271,833	280,591	290,490
Total			<b>802,332</b>	<b>848,242</b>	<b>1,011,086</b>	<b>1,047,344</b>

Movements of investments in joint ventures through cost method during the year ended 31 December 2018 were as follows:

- a) Further to the resolution of the Company's Board of Directors' meeting held on 11 July 2017 approving the additional investment of Baht 48 million in a joint venture, namely Fyansford Development Pty Ltd, through Supalai Australia Holdings Pty Ltd, the Company made payment of Baht 7 million during the year.
- b) On 20 February 2018, the Company's Board of Directors' meeting passed a resolution approving additional investment of approximately Baht 11 million in Supalai Rippleside Development Pty Ltd to invest in The Rippleside Development Joint Venture.
- c) On 31 May 2018 and 4 December 2018, The Satterley Officer Joint Venture's Board of Directors' meetings passed resolutions approving the return of capital totaling AUD 11 million to its shareholders. During the year, Supalai Officer Development Pty Ltd received the return of capital totaling AUD 3 million and recorded a decrease in its investment in The Satterley Officer Joint Venture as a result of this return of capital.

#### 11.2 Share of comprehensive income and dividend received

During the years, the subsidiaries recognised its share of comprehensive income and dividend received from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements					
	Share of profit (loss) from investments in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received of subsidiaries during the year	
	2018	2017	2018	2017	2018	2017
The Satterley Officer Joint Venture	152,730	108,182	(28,758)	(4,055)	27,843	35,122
The Rippleside Development Joint Venture	10,866	(18,777)	(17,695)	(2,368)	-	-
The Satterley Greenvale Joint Venture	5,816	133,361	(37,850)	(7,174)	31,091	20,951
Fyansford Development Pty Ltd	14,140	31,911	(30,663)	(5,084)	-	-
<b>Total</b>	<b>183,552</b>	<b>254,677</b>	<b>(114,966)</b>	<b>(18,681)</b>	<b>58,934</b>	<b>56,073</b>

### 11.3 Summarised financial information

#### Summarised information about financial position

(Unit: Million Baht)

	The Satterley Officer Joint Venture		The Rippleside Development Joint Venture		The Satterley Greenvale Development Joint Venture		Fyansford Development Pty Ltd	
	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	1,301	1,567	196	591	2,112	2,432	967	1,161
Non-current assets	14	19	245	254	17	21	4	3
Current liabilities	(336)	(736)	(101)	(515)	(865)	(937)	(240)	(287)
Other non-current liabilities	-	-	-	-	-	-	(171)	(298)
<b>Net assets</b>	<b>979</b>	<b>850</b>	<b>340</b>	<b>330</b>	<b>1,264</b>	<b>1,516</b>	<b>560</b>	<b>579</b>
Shareholding percentage (%)	25	25	50	50	25	25	50	50
<b>Carrying amounts of joint ventures based on equity method</b>	<b>245</b>	<b>213</b>	<b>170</b>	<b>165</b>	<b>316</b>	<b>379</b>	<b>280</b>	<b>290</b>

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December							
	The Satterley Officer Joint Venture		The Rippleside Development Joint Venture		The Satterley Greenvale Development Joint Venture		Fyansford Development Pty Ltd	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	1,915	1,710	578	13	160	1,883	465	97
Profit (loss)	611	433	22	(37)	23	533	28	64
Other comprehensive income	(115)	(16)	(35)	(5)	(151)	(29)	(61)	(10)
<b>Total comprehensive income</b>	<b>496</b>	<b>417</b>	<b>(13)</b>	<b>(42)</b>	<b>(128)</b>	<b>504</b>	<b>(33)</b>	<b>54</b>

## 12. Investments in associates

### 12.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2018 (%)	2017 (%)	2018	2017	2018	2017
Peet No. 1895 Pty Ltd	Property Development	50	50	84	84	177,550	66,700
Satterley Narangba Pty Ltd	Property Development	17	-	24,848	-	23,600	-
Total				<b>24,932</b>	<b>84</b>	<b>201,150</b>	<b>66,700</b>

On 20 February 2018, the Company's Board of Directors' meeting passed a resolution to approve an investment by Supalai Australia Holdings Pty Ltd in Satterley Narangba Pty Ltd, which is incorporated in Australia.

On 13 November 2018, the Company's Board of Directors' meeting passed a resolution to approve an investment by Supalai Australia Holdings Pty Ltd in Peet 2018 No.1 Pty Ltd, which is incorporated in Australia. Currently, that subsidiary has signed the joint agreement and will pay investment to this associated totaling AUD 7 million in October 2019.

### 12.2 Share of comprehensive income

During the years, the subsidiary has recognised its share of comprehensive income from investments in associates in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Associates	Consolidated financial statements			
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year	
	2018	2017	2018	2017
Peet No. 1895 Pty Ltd	124,483	36,207	(13,633)	(1,312)
Satterley Narangba Pty Ltd	(1,320)	-	72	-
Total	<b>123,163</b>	<b>36,207</b>	<b>(13,561)</b>	<b>(1,312)</b>

### 12.3 Summarised financial information

#### Summarised information about financial position

(Unit: Million Baht)

	Peet No. 1895 Pty Ltd		Satterley Narangba Pty Ltd	
	2018	2017	2018	2017
Current assets	489	35	880	-
Non-current assets	2,165	2,444	2	-
Current liabilities	(725)	(1,063)	(319)	-
Non-current liabilities	(1,573)	(1,283)	(424)	-
<b>Net assets</b>	<b>356</b>	<b>133</b>	<b>139</b>	<b>-</b>
Shareholding percentage (%)	50	50	17	-
<b>Carrying amounts of associates based on equity method</b>	<b>178</b>	<b>67</b>	<b>24</b>	<b>-</b>

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December			
	Peet No. 1895 Pty Ltd		Satterley Narangba Pty Ltd	
	2018	2017	2018	2017
Revenue	1,475	992	-	-
Profit (loss)	249	73	(8)	-
Other comprehensive income	(27)	(3)	-	-
Total comprehensive income	222	70	(8)	-

### 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Shareholding percentage (Percent)	2018	2017	Shareholding percentage (Percent)	2018	2017
<b>Held-to-maturity securities</b>						
Foreign private debt securities		320,758	-		320,758	-
<b>Investments in available for sale securities</b>						
Domestic equity securities		78,936	-		-	-
<b>Investments in unit trusts</b>						
Unit trusts in mutual funds		500	500		500	500
<u>Less</u> Unrealised loss on changes in value of investments		(155)	(99)		(155)	(99)
		345	401		345	401
<b>Investments in other companies</b>						
Samakki Cement Co., Ltd.	0.54	2,270	2,270	0.54	2,270	2,270
Southern Hill Co., Ltd.	0.22	1,500	1,500	-	-	-
Total		3,770	3,770		2,270	2,270
<u>Less</u> Allowance for impairment loss of investments		(2,500)	(2,500)		(1,000)	(1,000)
Investments in other companies, net		1,270	1,270		1,270	1,270
<b>Other long-term investments, net</b>		<b>401,309</b>	<b>1,671</b>		<b>322,373</b>	<b>1,671</b>

During the year 2018, the Company and its subsidiaries had the additional other long-term investments as follows:

- On 10 July 2018, the Company's Board of Directors' meeting No. 7/2018 approving the submission by Supalai Property Management Company Limited, a subsidiary of the Company, of a voluntary tender offer for all securities of M.K. Real Estate Development Public Company Limited to the Securities and Exchange Commission on 24 July 2018, with an offer period of 25 July 2018 to 5 September 2018 and an offer price of Baht 4.10 per share, or a total of Baht 4,067 million. As of the end of the offering period, the subsidiary had been able to acquire 21 million shares, totaling Baht 85 million through the voluntary tender offer for all securities and the Stock Exchange of Thailand. The subsidiary has presented the investment as an investment in available for sale securities in the consolidated financial statements.
- On 14 August 2018, the Company's Board of Directors' meeting No.9/2018 passed a resolution approving investment of approximately USD 10 million in private debt securities in the Vietnam. The Company has presented the investment as held-to-maturity securities in the financial statements.



## 14. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land held for development	Land, building and office building for rent	Total
<b>31 December 2018</b>			
Cost	7,981	1,625,159	1,633,140
<u>Less</u> Accumulated depreciation	-	(449,895)	(449,895)
<b>Net book value</b>	<b>7,981</b>	<b>1,175,264</b>	<b>1,183,245</b>
<b>31 December 2017</b>			
Cost	7,981	1,621,549	1,629,530
<u>Less</u> Accumulated depreciation	-	(394,028)	(394,028)
<b>Net book value</b>	<b>7,981</b>	<b>1,227,521</b>	<b>1,235,502</b>

(Unit: Thousand Baht)

	Separate financial statements		
	Land held for development	Land, building and office building for rent	Total
<b>31 December 2018</b>			
Cost	7,981	1,157,126	1,165,107
<u>Less</u> Accumulated depreciation	-	(399,867)	(399,867)
<b>Net book value</b>	<b>7,981</b>	<b>757,259</b>	<b>765,240</b>
<b>31 December 2017</b>			
Cost	7,981	1,156,226	1,164,207
<u>Less</u> Accumulated depreciation	-	(368,147)	(368,147)
<b>Net book value</b>	<b>7,981</b>	<b>788,079</b>	<b>796,060</b>

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,235,502	1,989,978	796,060	828,314
Acquisition of assets during the year	137	1,727	900	-
Transfer from costs of property development projects for sales	3,473	-	-	-
Disposal of assets during the year, net book value	-	(607,672)	-	(501)
Depreciation charged	(55,867)	(81,500)	(31,720)	(31,753)
Translation adjustment	-	(67,031)	-	-
<b>Net book value at end of year</b>	<b>1,183,245</b>	<b>1,235,502</b>	<b>765,240</b>	<b>796,060</b>

The fair value of the investment properties as at 31 December 2018 and 2017 is stated below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land held for development	18,300	18,300	18,300	18,300
Land, building and office building for rent	2,397,235	2,380,127	1,556,435	1,545,027

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair values of investment properties have been determined based on market prices and the income approach which is the fair value measurement level 3 based on the fair value hierarchy. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Company and its subsidiary have mortgaged the following investment properties as collateral for overdrafts and bank guarantees.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book values	15	23	-	8

## 15. Property, building and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
<b>Cost:</b>						
31 December 2016	110,009	384,846	180,716	72,793	179,812	74,985
Additions	-	-	818	6,480	20,511	5,506
Disposals/written-offs	(1,694)	(3,921)	(688)	(465)	(437)	(7,575)
Translation	-	-	-	(3)	-	(3)
31 December 2017	108,315	380,925	180,846	78,805	199,886	72,916
<b>Accumulated depreciation:</b>						
31 December 2016	-	165,310	141,166	59,462	134,603	54,752
Depreciation for the year	-	14,730	6,093	5,458	20,259	8,051
Depreciation on disposals/written-offs	-	(2,065)	(205)	(445)	(313)	(7,467)
31 December 2017	-	177,975	147,054	64,475	154,549	55,336
<b>Allowance for impairment loss:</b>						
31 December 2016	8,371	-	-	-	-	-
31 December 2017	8,371	-	-	-	-	-
<b>Net book value:</b>						
31 December 2016	<b>101,638</b>	<b>219,536</b>	<b>39,550</b>	<b>13,331</b>	<b>45,209</b>	<b>20,233</b>
31 December 2017	<b>99,944</b>	<b>202,950</b>	<b>33,792</b>	<b>14,330</b>	<b>45,337</b>	<b>17,580</b>
<b>Depreciation for the year</b>						
2017 (Baht 12 million included in cost of rental and services, and the balance in administrative expenses)						
						<b>54,591</b>

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost:</b>							
31 December 2017	108,315	380,925	180,846	78,805	199,886	72,916	1,021,693
Additions	-	1,030	1,374	4,766	19,629	5,744	32,543
Disposals/written-offs	(1,388)	(1,130)	(28,024)	-	(34)	(5,644)	(36,220)
Translation	-	-	-	(5)	-	-	(5)
31 December 2018	106,927	380,825	154,196	83,566	219,481	73,016	1,018,011
<b>Accumulated depreciation:</b>							
31 December 2017	-	177,975	147,054	64,475	154,549	55,336	599,389
Depreciation for the year	-	14,583	5,522	5,675	20,492	7,928	54,200
Depreciation on disposals/written-offs	-	(572)	(27,976)	-	(34)	(5,626)	(34,208)
31 December 2018	-	191,986	124,600	70,150	175,007	57,638	619,381
<b>Allowance for impairment loss:</b>							
31 December 2017	8,371	-	-	-	-	-	8,371
31 December 2018	8,371	-	-	-	-	-	8,371
<b>Net book value:</b>							
31 December 2017	<b>99,944</b>	<b>202,950</b>	<b>33,792</b>	<b>14,330</b>	<b>45,337</b>	<b>17,580</b>	<b>413,933</b>
31 December 2018	<b>98,556</b>	<b>188,839</b>	<b>29,596</b>	<b>13,416</b>	<b>44,474</b>	<b>15,378</b>	<b>390,259</b>
<b>Depreciation for the year</b>							
2018 (Baht 12 million included in cost of rental and services, and the balance in administrative expenses)							
							<b>54,200</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles
<b>Cost:</b>						
31 December 2016	51,879	205,054	75,515	12,626	141,954	57,056
Additions	-	-	117	1,544	18,839	4,782
Disposals/written-offs	-	-	(50)	(446)	(437)	(7,060)
31 December 2017	51,879	205,054	75,582	13,724	160,356	54,778
<b>Accumulated depreciation:</b>						
31 December 2016	-	68,511	42,263	9,121	102,107	39,917
Depreciation for the year	-	7,143	4,642	1,353	18,168	6,485
Depreciation on disposals/ write-offs	-	-	(50)	(444)	(313)	(6,952)
31 December 2017	-	75,654	46,855	10,030	119,962	39,450
<b>Allowance for impairment loss:</b>						
31 December 2016	8,371	-	-	-	-	-
31 December 2017	8,371	-	-	-	-	-
<b>Net book value:</b>						
31 December 2016	<b>43,508</b>	<b>136,543</b>	<b>33,252</b>	<b>3,505</b>	<b>39,847</b>	<b>17,139</b>
31 December 2017	<b>43,508</b>	<b>129,400</b>	<b>28,727</b>	<b>3,694</b>	<b>40,394</b>	<b>15,328</b>
<b>Depreciation for the year</b>						
2017 (Baht 2 million included in cost of rental and services, and the balance in administrative expenses)						<b>37,791</b>

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Building	Building improvements and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost:</b>							
31 December 2017	51,879	205,054	75,582	13,724	160,356	54,778	561,373
Additions	-	-	157	1,634	18,711	4,398	24,900
Disposals/written-offs	-	-	-	-	(22)	(4,379)	(4,401)
31 December 2018	51,879	205,054	75,739	15,358	179,045	54,797	581,872
<b>Accumulated depreciation:</b>							
31 December 2017	-	75,654	46,855	10,030	119,962	39,450	291,951
Depreciation for the year	-	7,143	4,146	1,432	18,452	6,635	37,808
Depreciation on disposals/ write-offs	-	-	-	-	(22)	(4,361)	(4,383)
31 December 2018	-	82,797	51,001	11,462	138,392	41,724	325,376
<b>Allowance for impairment loss:</b>							
31 December 2017	8,371	-	-	-	-	-	8,371
31 December 2018	8,371	-	-	-	-	-	8,371
<b>Net book value:</b>							
31 December 2017	<b>43,508</b>	<b>129,400</b>	<b>28,727</b>	<b>3,694</b>	<b>40,394</b>	<b>15,328</b>	<b>261,051</b>
31 December 2018	<b>43,508</b>	<b>122,257</b>	<b>24,738</b>	<b>3,896</b>	<b>40,653</b>	<b>13,073</b>	<b>248,125</b>
<b>Depreciation for the year</b>							
2018 (Baht 2 million included in cost of rental and services, and the balance in administrative expenses)							<b>37,808</b>



As at 31 December 2018 and 2017, certain items of building and equipment items of the Company and its subsidiaries which had been fully depreciated but were still in use, were summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss	347	348	165	141

The subsidiary has mortgaged its property amounting to approximately Baht 1 million (2017: Baht 1 million) with bank as security for overdraft.

## 16. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Computer software - cost	83,042	77,795	82,209	76,961
<u>Less</u> Accumulated amortisation	(26,822)	(19,951)	(25,995)	(19,150)
Net book value	<b>56,220</b>	<b>57,844</b>	<b>56,214</b>	<b>57,811</b>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	57,844	61,346	57,811	61,255
Acquisition of computer software	5,247	3,306	5,247	3,306
Amortisation	(6,871)	(6,808)	(6,844)	(6,750)
Net book value at end of year	<b>56,220</b>	<b>57,844</b>	<b>56,214</b>	<b>57,811</b>

## 17. Assets recognised from the costs to obtain a contract with a customer

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2018	2017 (Restated)
Net book value at beginning of year	38,161	36,108
Addition	410,448	43,422
Amortisation	(46,191)	(41,369)
Net book value at end of year	<b>402,418</b>	<b>38,161</b>

## 18. Bills of exchange payable

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2018	2,976,857
Add Issuance of bills of exchange	2,100,000
Less Repayment	(3,100,000)
Add Amortisation of prepaid interest expenses	44,936
Less Prepaid interest expenses	(25,301)
Balance as at 31 December 2018	<b>1,996,492</b>

Short-term bills of exchange are subject to interest at rates ranging from 1.60 to 1.70 percent per annum and there are no collateral on those loans. The bills of exchange will mature as from January 2019 to February 2019.

## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Related parties (Note 7)	31,515	38,953	31,501	38,834
Unrelated parties	1,143,982	1,423,453	1,094,685	1,394,826
Accrued expenses	406,667	371,930	354,421	325,332
Total trade and other payables	<b>1,582,164</b>	<b>1,834,336</b>	<b>1,480,607</b>	<b>1,758,992</b>

## 20. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans from banks	78,298	2,588,998	-	2,460,000
<u>Less</u> Current portion	-	(2,460,000)	-	(2,460,000)
Long-term loans from banks, net	<b>78,298</b>	<b>128,998</b>	<b>-</b>	<b>-</b>

Movements in the long-term loan account during the years ended 31 December 2018 and 2017 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year	2,588,998	3,831,792	2,460,000	3,569,171
<u>Add</u> Additional borrowings	19,603,329	24,978,311	19,595,000	24,886,241
<u>Less</u> Repayment	(22,100,682)	(26,239,490)	(22,055,000)	(25,995,412)
Translation	(13,347)	18,385	-	-
Balance at end of year	<b>78,298</b>	<b>2,588,998</b>	<b>-</b>	<b>2,460,000</b>

These loans carry interest at the rates based on MLR, MMR or BIBOR. Repayment is to be made each time a plot of land or a condominium unit is redeemed from mortgage at 70 percent of the selling price, and not less than the amount stipulated by the banks.

The loans of the Company and its subsidiaries were secured by the mortgage of project land of the Company and its subsidiaries, including most present and future structures thereon.

The loan agreements contain covenants and restrictions on the Company and its subsidiaries, pertaining to matters such as dividend payment and the maintenance of a certain debt to equity ratio.

The long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term credit facilities which have not yet been drawn down	27,241	25,349	26,680	24,805

## 21. Debentures

(Unit: Thousand Baht)

Consolidated financial statements / Separate financial statements												
							31 December 2018			31 December 2017		
							Current portion		Long-term portion	Total	Current portion	
Debenture	Term	Date of issue	Maturity date	Par value per unit (Baht)	Interest rate (Percent per annum)	Interest payment condition						
1/2013	5 years	3 May 2013	3 May 2018	1,000	4.12	Interest is repayable in semi-annual installments, starting from November 2013 to May 2018.	-	-	-	500,000	-	500,000
4/2014	3 years 6 months	28 August 2014	28 February 2018	1,000	3.87	Interest is repayable in quarterly installments, starting from November 2014 to February 2018.	-	-	-	2,200,000	-	2,200,000
6/2014	4 years	2 December 2014	2 December 2018	1,000	3.60	Interest is repayable in semi-annual installments, starting from June 2015 to December 2018.	-	-	-	1,000,000	-	1,000,000
2/2015	3 years	13 May 2015	13 May 2018	1,000	2.62	Interest is repayable in semi-annual installments, starting from November 2015 to May 2018.	-	-	-	1,000,000	-	1,000,000

Consolidated financial statements / Separate financial statements												
Debenture	Term	Date of issue	Maturity date	Par value per unit (Baht)	Interest rate (Percent per annum)	Interest payment condition	31 December 2018			31 December 2017		
							Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
3/2015	5 years	4 September 2015	4 September 2020	1,000	3.10	Interest is repayable in semi-annual installments, starting from March 2016 to September 2020.	-	1,500,000	1,500,000	-	1,500,000	1,500,000
4/2015	3 years 11 months 23 days	28 December 2015	20 December 2019	1,000	2.72	Interest is repayable in semi-annual installments, starting from June 2016 to December 2019	2,500,000	-	2,500,000	-	2,500,000	2,500,000
1/2016	3 years	29 January 2016	29 January 2019	1,000	2.25	Interest is repayable in semi-annual installments, starting from July 2016 to January 2019	1,000,000	-	1,000,000	-	1,000,000	1,000,000
2/2016	3 years	7 September 2016	7 September 2019	1,000	2.24	Interest is repayable in semi-annual installments, starting from March 2017 to September 2019	1,000,000	-	1,000,000	-	1,000,000	1,000,000
1/2017	3 years	17 February 2017	17 February 2020	1,000	2.60	Interest is repayable in semi-annual installments, starting from August 2017 to February 2020	-	2,700,000	2,700,000	-	2,700,000	2,700,000

(Unit: Thousand Baht)

Debtenture	Term	Date of issue	Maturity date	Par value per unit (Baht)	Interest rate (Percent per annum)	Interest payment condition	Consolidated financial statements / Separate financial statements			
							31 December 2018		31 December 2017	
							Current portion	Long-term portion	Total	Total
2/2017	3 years	4 May 2017	4 May 2020	1,000	2.59	Interest is repayable in semi-annual installments, starting from November 2017 to May 2020	-	1,000,000	1,000,000	1,000,000
1/2018	3 years	15 March 2018	15 March 2021	1,000	2.09	Interest is repayable in semi-annual installments, starting from March 2018 to March 2021	-	3,000,000	3,000,000	-
Total							4,500,000	8,200,000	12,700,000	4,700,000
Less Unamortised costs relating to the issuance of the debentures							(1,235)	(5,723)	(6,958)	(657)
Net balance							<b>4,498,765</b>	<b>8,194,277</b>	<b>12,693,042</b>	<b>4,699,343</b>
										<b>9,692,298</b>
										<b>14,391,641</b>

The debenture agreements contain covenants and restrictions on the Company, pertaining to matters such as the maintenance of a certain debt to equity ratio and dividend payment.



## 22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Provision for long-term employee benefits at beginning of year</b>	139,305	101,094	125,275	87,895
Included in profit and loss :				
Current service cost	14,248	9,009	12,605	7,543
Interest cost	3,077	2,370	2,726	2,058
Past service cost	-	(465)	-	-
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	14,016	-	13,898
Financial assumptions changes	-	121	-	-
Experience adjustments	-	13,160	-	13,881
<b>Provision for long-term employee benefits at end of year</b>	<b>156,630</b>	<b>139,305</b>	<b>140,606</b>	<b>125,275</b>

The Company and its subsidiaries expect to pay Baht 41 million of long-term employee benefits during the next year (Separate financial statements: Baht 41 million) (2017: Baht 33 million, separate financial statements: Baht 32 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2017: 10 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	3	3	3	3
Salary increase rate	5 - 7	5 - 7	7	7
Turnover rate	0 - 40	0 - 40	0 - 30	0 - 30

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7)	8	(7)	7
Salary increase rate	8	(8)	8	(7)

(Unit: Million Baht)

	31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7)	8	(6)	7
Salary increase rate	7	(7)	7	(6)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 day's compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 36 million (The Company only: Baht 32 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017 (Restated)
Purchase of land and payment of construction during the year	16,630	18,375	15,881	17,844
Changes in cost of property development project for sales	(1,033)	(3,100)	(1,199)	(3,288)
Salaries and other benefits	649	602	533	492
Depreciation and amortisation	117	143	76	76
Advertising and promotion expenses	527	461	473	423
Transfer fee and specific business tax	1,011	990	969	955

## 25. Share capital / Share premium / Warrants

During the year 2018, the Company's issued and fully paid-up share capital has increased from Baht 1,716,553,249 (1,716,553,249 ordinary shares with a par value of Baht 1 each) to Baht 2,143,079,330 (2,143,079,330 ordinary shares with a par value of Baht 1 each) as a result of the exercise of the ordinary share warrants (SPALI-W4) as follows:

Date of exercised	Number of exercised warrants	Cash received from exercised warrants	Issued and fully paid share capital	Share premium	Date of registration of share capital with the Ministry of Commerce
	(Thousand units)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	
19 January 2018	141,032	564,130	141,032	423,098	23 January 2018
19 April 2018	59,897	239,586	59,897	179,689	25 April 2018
19 July 2018	176,902	707,608	176,902	530,706	24 July 2018
19 October 2018 (a final exercise date)	48,695	194,780	48,695	146,085	26 October 2018
Total	<b>426,526</b>	<b>1,706,104</b>	<b>426,526</b>	<b>1,279,578</b>	

Details of warrants (SPALI-W4) are as follows:

Issuance date	20 October 2017
Number of warrants granted	429,135,954 warrants (At no cost)
Allocation ratio	1 warrant to 4 existing ordinary shares
Term of warrants	1 years from the issuance date
Exercisable date for the first time	Every three month from 19 January 2018 and the last date is 19 October 2019
Exercise ratio (warrant to ordinary share)	1:1
Exercise price	Baht 4 per share

## 26. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017 (Restated)
<b>Current income tax:</b>				
Current income tax charge	1,342,730	1,410,281	1,267,893	1,223,362
Adjustment in respect of income tax of previous year	4,212	(1)	4,228	31
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	101,783	78,638	65,715	55,323
Income tax expense reported in the income statement	<b>1,448,725</b>	<b>1,488,918</b>	<b>1,337,836</b>	<b>1,278,716</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax on actuarial losses	-	(5,459)	-	(5,556)
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(3,697)	(103)	(11)	10
total	<b>(3,697)</b>	<b>(5,562)</b>	<b>(11)</b>	<b>(5,546)</b>

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017 (Restated)
Accounting profit before tax	<b>7,291,326</b>	<b>7,368,356</b>	<b>6,851,541</b>	<b>6,310,910</b>
Applicable tax rate	17%, 20%, 30%	17%, 20%, 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,453,147	1,516,566	1,370,308	1,262,182
Adjustment in respect of current income tax of previous year	4,212	(1)	4,228	32
Utilisation of previously unrecognised tax losses	-	(16,000)	-	-
Adjustments in respect of deferred tax assets	4,193	-	-	-
Effect of elimination entries on the consolidated financial statements	(5,904)	7,858	-	-
Effects of::				
Additional taxable income	8,008	23,643	8,008	23,643
Share of gain from investments in joint ventures and associates	(14,732)	(44,116)	-	-
Exemption of income	(5)	(140)	(41,896)	(6,495)
Others	(194)	1,108	(2,812)	(646)
Total	(6,923)	(19,505)	(36,700)	16,502
Income tax expenses reported in the income statements	<b>1,448,725</b>	<b>1,488,918</b>	<b>1,337,836</b>	<b>1,278,716</b>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017 (Restated)
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	68	112	-	-
Allowance for loss on diminution in project value	1,347	1,347	947	947
Allowance for impairment loss of investments in subsidiary	500	500	6,800	6,800
Unrealised loss on changes in value of investments	3,830	133	31	20
Provision for liabilities arising from legal cases	6,367	6,152	3,637	6,152
Provision for long-term employee benefits	31,326	27,861	28,121	25,055
Loss brought forward	4,768	17,141	-	-
Others	3,552	5,213	208	1,942
<b>Total</b>	<b>51,758</b>	<b>58,459</b>	<b>42,474</b>	<b>40,916</b>
<b>Deferred tax liabilities</b>				
Assets recognised from the costs to obtain a contract with customer	(80,484)	(7,632)	(80,484)	(7,632)
Foreign income not remitted	(64,758)	(42,134)	-	-
Others	(701)	(7,792)	(701)	(6,291)
<b>Total</b>	<b>(145,943)</b>	<b>(57,558)</b>	<b>(81,185)</b>	<b>(13,923)</b>

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place on the date the potential ordinary shares were issued.



The following tables set forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2018 (Thousand Baht)	2017 (Thousand Baht) (Restated)	2018 (Thousand shares)	2017 (Thousand shares)	2018 (Baht)	2017 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	5,770,419	5,813,687	1,977,244	1,716,553	2.92	3.39
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offered to existing shareholders	-	-	-	71,567		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<b>5,770,419</b>	<b>5,813,687</b>	<b>1,977,244</b>	<b>1,788,120</b>	2.92	3.25

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2018 (Thousand Baht)	2017 (Thousand Baht) (Restated)	2018 (Thousand shares)	2017 (Thousand shares)	2018 (Baht)	2017 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	5,513,705	5,032,194	1,977,244	1,716,553	2.79	2.93
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offered to existing shareholders	-	-	-	71,567		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<b>5,513,705</b>	<b>5,032,194</b>	<b>1,977,244</b>	<b>1,788,120</b>	2.79	2.81

## 28. Segment information

Operation segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance.

Transfer prices between business segments are as set out in Note 7 to the financial statements.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	Real estate business		Hotel business and management		Elimination of inter-segment revenue		Consolidated financial statements	
	2018	2017 (Restated)	2018	2017	2018	2017	2018	2017 (Restated)
Revenues from external customers	25,448	24,684	105	119	-	-	25,553	24,803
Inter-segment revenues	1	2	4	3	(5)	(5)	-	-
Total revenues	<b>25,449</b>	<b>24,686</b>	<b>109</b>	<b>122</b>	<b>(5)</b>	<b>(5)</b>	<b>25,553</b>	<b>24,803</b>
Segment profit (loss)	7,013	6,650	(15)	2	(2)	4	6,996	6,656
Unallocated income and expenses:								
Other income							257	319
Gain on disposal of investment properties							-	451
Share of profit from investments in joint ventures and associates							307	291
Finance cost							(269)	(348)
Income tax expenses							(1,449)	(1,489)
Non-controlling interests of the subsidiaries							(72)	(66)
Profit for the year							5,770	5,814

(Unit: Million Baht)

	Real estate business		Hotel business and management		Elimination of inter-segment revenue		Consolidated financial statements	
	2018	2017 (Restated)	2018	2017	2018	2017	2018	2017 (Restated)
Cost of property development project for sales	50,493	49,457	53	56	(3)	(3)	50,543	49,510
Investment properties	1,211	1,263	-	-	(28)	(28)	1,183	1,235
Property, building and equipment	252	266	112	122	27	26	391	414
Other assets	12,021	11,215	109	68	(6,543)	(6,696)	5,587	4,587
Total assets	<b>63,977</b>	<b>62,201</b>	<b>274</b>	<b>246</b>	<b>(6,547)</b>	<b>(6,701)</b>	<b>57,704</b>	<b>55,746</b>

## Geographical information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2018	2017 (Restated)
Revenue from external customers		
Thailand	25,297	24,575
Australia	256	173
Philippines	-	55
Total	<b>25,553</b>	<b>24,803</b>
Non - Current assets (Other than deferred tax assets)		
Thailand	2,385	1,610
Australia	1,926	1,922
Philippines	-	-
Total	<b>4,311</b>	<b>3,532</b>

## Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 29. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at rates of 2 - 10 percent (2017: 2 - 10 percent) of basic salary. The fund, which is managed by Kasikorn Asset Management, will be paid to employees upon termination in accordance with the fund rules. The contributed for the year 2018 amounting to approximately Baht 24 million (Separate financial statements: Baht 23 million) (2017: Baht 22 million, separate financial statements: Baht 21 million) were recognised as expenses.

## 30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 21 April 2017	944,100	0.55
<b>Total for 2017</b>		<b>944,100</b>	<b>0.55</b>
Interim dividends for 2018	Board of Directors' meeting on 14 August 2018	837,750	0.40
<b>Total for 2018</b>		<b>837,750</b>	<b>0.40</b>

## 31. Commitments and contingent liabilities

### 31.1 Capital commitments

As at 31 December 2018 and 2017, the Company and its subsidiaries had outstanding commitments as followings:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Project construction contracts	9,974	5,489	9,848	5,380
Land purchase contracts	1,994	2,477	1,814	2,477

### 31.2 Other commitments

The Company has commitment in respect of uncalled portion of investment in associated company of approximately AUD 7 million (as described in Note 12).

### 31.3 Guarantees

As at 31 December 2018 and 2017, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Guarantee utility usage	1,526	970	1,435	878
Guarantee trade creditors	20	22	20	22
Guarantee loan agreement	-	13	-	13
	<b>1,546</b>	<b>1,005</b>	<b>1,455</b>	<b>913</b>

### 31.4 Litigation

The Company has been sued for a total of approximately Baht 665 million in various cases, in respect of breach of contract, cancellation of contract, refund claims and damage claims. The cases are currently being heard by the Appeal and Supreme Courts. However, in the opinion of Company's lawyers and management believe that the Company will not incur any losses as a result of litigation.

## 32. Fair values hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments - Trading securities	30	-	-	<b>30</b>
Current investments - Available-for-sale securities	88	510	-	<b>598</b>
Other long-term investments - Trading securities	78	-	-	<b>78</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	2,397	<b>2,397</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	12,706	-	<b>12,706</b>

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments - Available-for-sale securities	55	1,205	-	<b>1,260</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	2,380	<b>2,380</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	14,585	-	<b>14,585</b>



(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments - Trading securities	30	-	-	<b>30</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	18	<b>18</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	12,706	-	<b>12,706</b>

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	18	<b>18</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	14,585	-	<b>14,585</b>

## 33. Financial instruments

### 33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, loans, bills of exchange payable, trade and other payables, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade and other receivables and loans. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade other receivables and loans as stated in the statement of financial position.

## Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, investments, loans, bills of exchange payable, short-term loans, long-term loans and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	469	587	1,056	0.10 - 0.40
Current investments	510	-	-	-	119	629	Note 8
Trade and other receivables	-	-	-	-	21	21	-
Restricted bank deposits	-	-	-	23	-	23	2.50
Long-term loans to associates	171	-	649	-	-	820	12.00
Other long-term investments	-	-	-	321	80	401	Note 13
	681	-	649	813	807	2,950	
Financial liabilities							
Bills of exchange payable	1,996	-	-	-	-	1,996	Note 18
Trade and other payables	-	-	-	-	1,582	1,582	Note 19
Long-term loans from banks	-	-	-	78	-	78	Note 20
Debentures	4,499	8,194	-	-	-	12,693	Note 21
	6,495	8,194	-	78	1,582	16,349	

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2017						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	256	258	514	0.10 - 0.40
Current investments	1,205	-	-	-	55	1,260	3.63 - 8.00
Trade and other receivables	-	-	-	-	23	23	-
Restricted bank deposits	-	-	-	25	-	25	2.43
Long-term loans to associate	-	-	621	-	-	621	12.00
	1,205	-	621	281	336	2,443	
Financial liabilities							
Bills of exchange payable	2,977	-	-	-	-	2,977	Note 20
Trade and other payables	-	-	-	-	1,834	1,834	-
Short-term loan from other party	-	-	-	13	-	13	2.43
Long-term loans from banks	-	-	-	2,589	-	2,589	Note 22
Debentures	4,700	9,692	-	-	-	14,392	Note 23
	7,677	9,692	-	2,602	1,834	26,505	

(Unit: Million Baht)

	Separate financial statements					
	31 December 2018					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	319	504	823	0.37 - 0.40
Current investments	-	-	-	30	30	Note 8
Trade and other receivables	-	-	-	8	8	-
Short-term loans to subsidiaries	-	-	69	-	69	1.75 - 3.89
Other long-term investments	-	-	321	-	321	Note 13
	-	-	709	542	1,251	
Financial liabilities						
Bills of exchange payable	1,996	-	-	-	1,996	Note 18
Trade and other payables	-	-	-	1,481	1,481	Note 19
Debentures	4,499	8,194	-	-	12,693	Note 21
	6,495	8,194	-	1,481	16,170	

(Unit: Million Baht)

	Separate financial statements					
	31 December 2017					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	182	184	<b>366</b>	0.37 - 0.40
Trade and other receivables	-	-	-	2	<b>2</b>	-
Short-term loans to subsidiary	-	-	86	-	<b>86</b>	2.55 - 3.75
Long-term loan to subsidiary	-	-	551	-	<b>551</b>	2.55 - 4.01
	<b>-</b>	<b>-</b>	<b>819</b>	<b>186</b>	<b>1,005</b>	
<b>Financial liabilities</b>						
Bills of exchange payable	2,977	-	-	-	<b>2,977</b>	Note 22
Trade and other payables	-	-	-	1,759	<b>1,759</b>	-
Long-term loans from banks	-	-	2,460	-	<b>2,460</b>	Note 24
Debentures	4,700	9,692	-	-	<b>14,392</b>	Note 25
	<b>7,677</b>	<b>9,692</b>	<b>2,460</b>	<b>1,759</b>	<b>21,588</b>	

### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from investment and loan that are denominated in foreign currencies.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

	Consolidated financial statements			
	Financial assets		Average exchange rate	
	2018	2017	2018	2017
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b>Foreign currency</b>				
US dollar	10	-	32.4498	32.6809

Foreign currency	Separate financial statements			
	Financial assets		Average exchange rate	
	2018	2017	2018	2017
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippine Peso	-	860	0.6183	0.6556
US dollar	10	-	32.4498	32.6809

### 33.2 Fair values of financial instruments

Since the majority of the financial instruments of the Company and its subsidiaries are short-term in nature or carrying interest at rates close to the market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position, except for the following.

(Unit: Million Baht)

	Consolidated/separate financial statements			
	As at 31 December 2018		As at 31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Debentures	12,700	12,706	14,400	14,585

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial statements are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, short-term loans to subsidiaries, trade and other payables, bills of exchange payable, their carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve of government bonds, adjusted with an appropriate risk premium.
- For equity securities, their fair value is generally derived from quoted market prices.
- For long-term loans to subsidiary and associates and long-term loans from banks carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association which is the fair value measurement level 2 based on the fair value hierarchy.

During the current year, there was no transfer within the fair value hierarchy.

## 34. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their businesses and maximise shareholder value.

As at 31 December 2018 and 2017, the Group's debt-to-equity ratio, was summarised below.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Debt-to-equity ratio	0.66:1	0.96:1	0.69:1	1.02:1

## 35. Events after the reporting period

On 26 February 2019, the Company's Board of Directors' meeting No. 2/2019 passed a resolution to propose the payment of a dividend of Baht 1.00 per share from the net profit of year 2018 or a total of Baht 2,143 million. However, during the year 2018, the Company paid an interim dividend of Baht 0.40 per share. Thus, a final dividend payment for the year 2018 is Baht 0.60 per share or Baht 1,286 million. The resolution will be proposed for approval at the 2019 Annual General meeting of the shareholders.

## 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2019.

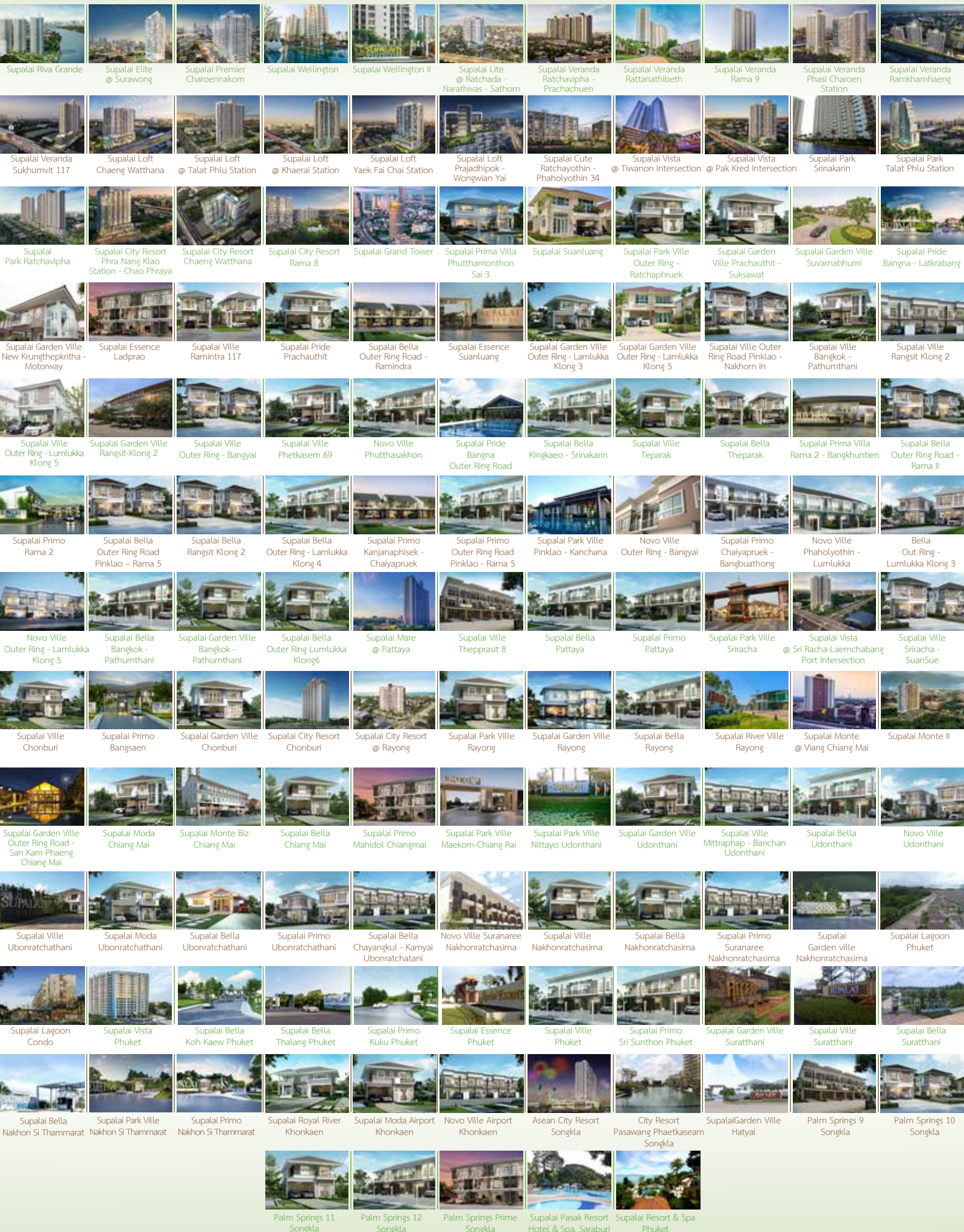




# Supalai Quality Projects



Supalai Oriental Sukhumvit 39





## บริษัท สุภาลัย จำกัด (มหาชน)

ทะเบียนเลขที่ 0107535000303  
1011 อาคารสุภาลัย แกรนด์ ทาวเวอร์ ถ.พระราม 3  
แขวงช่องนนทรี เขตยานนาวา กรุงเทพมหานคร 10120  
โทร. (02) 725-8888 แฟกซ์ (02) 683-3888

## Supalai Public Company Limited

Registration NO. 0107535000303  
1011 Supalai Grand Tower Building, Rama III Road,  
Chong Nonsee, Yannawa, Bangkok 10120 Thailand  
Phone : (662) 725-8888 Fax : (662) 683-3888



Supalai Society



Supalai\_Society



Supalai



@supalai



supalai.com



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